Austria	Sch22	Indonesia	Rp3100	Oman	Or1
Bahrain	Din0.700	Iran	Rls160	Philipines	Pesos40
Belgium	BFr60	Israel	NIS3.50	Portugal	Esc140
Cyprus	C£0.90	Italy	L1700	Qatar	Qr8.50
Denmark	DKr10.00	Jordan	Fils.500	S.Arabia	Rls7.00
Egypt	E£2.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	Fmk7.00	Lebanon	£250.00	Spain	Pta145
France	FFr7.00	Lux	LFr50	Sweden	SKr10
Germany	DM2.30	Malaysia	Rin4.25	Switz	SFr2.40
Greece	Dr120	Morocco	Dh6.00	Thailand	Bht30
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.850
Iceland	Ikr125	Nigeria	Naira30	Turkey	L800
India	Rup15	Norway	NKr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,830 — Friday April 28 1989 — D 8523A

WEST AFRICA
Racial time-bomb explodes
Page 8

World News

Arab League calls for ceasefire in Lebanon

The Arab League made progress towards ending the heavy artillery duels in Beirut when Syria welcomed a League call for a ceasefire. Page 24

Japanese budget
Japan's ruling Liberal Democratic Party ended 70 days of deadlock over the budget caused by the Recruit affair. Page 6

N-sub plan dropped
Canada is to scrap plans to purchase a $6.7bn fleet of nuclear-propelled submarines. Page 24

Chemical war talks
Frustration over the lack of progress in negotiating a ban on chemical weapons was voiced in Geneva at a UN conference. Page 3

Kabul attack
Rebel rockets fell on Kabul despite an army barrage on mujahideen positions to preempt attacks on the anniversary of the Communist coup. Page 6

ANC sentencing
Three members of the African National Congress were sentenced to death in South Africa. Page 8

Tornado kills 400
A tornado swept through Bangladesh killing 400 people and injuring thousands. Page 6

Guinness withdrawal
Solicitors representing Ernest Saunders, the former Guinness chairman, have withdrawn from the case in which he faces charges over the Distillers takeover. Page 12

Namibian move
A senior UN official said 4,000 Swapo guerrillas had moved into Angola, indicating the Namibian independence process was on track. Page 8

Carter in Panama
Former US President Jimmy Carter is to head a team of observers monitoring elections in Panama. Page 10

US spending
Bipartisan attempts to hold down US federal spending are being threatened by splits on spending priorities in Congress. Page 10

Return to earth
The three-man crew of the Soviet Union's Mir space station returned safely to earth, leaving the orbiting station unmanned for the first time in two years.

Hussein names PM
King Hussein is to name former military chief Sharif Zeid Bin Shaker as caretaker prime minister after violent price protests brought down the previous government. Page 8

Soviet bungling
Bungling and complacency by ministers have cost the Soviet economy millions of roubles, Mikhail Gorbachev said.

Chile hopes
Military president Augusto Pinochet made a dramatic about turn by reinstating his senior civilian minister in a move which raised hopes for political reform in Chile. Earlier report, Page 10

Business Summary

Oil output in North Sea threatened by plant closure

UK oil production, already cut by accidents in the North Sea, has been put into further jeopardy by the closure of the St Fergus gas processing plant on the eastern coast of Scotland. Page 24

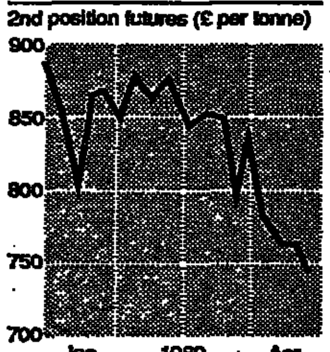
BANK HAPOALIM, Israel's largest bank, is making a bad debt provision of $490m to cover its exposure to Kibbutzim. Page 25

SIEMENS, the West German electrical and electronics group, booked a 16 per cent rise to $17bn in first-half new business. Page 25

UK GOVERNMENT has rejected a request from GEC and Fokker, the Dutch aircraft company, to postpone submitting a joint bid to buy Short Brothers, the Belfast aerospace company. Page 14

COCOA prices continued Wednesday's decline, with July falling as low as $1,242 before closing at $1,253 a tonne.

Cocoa
2nd position futures (£ per tonne)



EUROPEAN Commission is to reconsider plans to liberalise data telecommunications services. Page 24

ASHLEY GROUP, which acquired Digsa, a Spanish food retailer, has bought another Spanish food distribution group for a maximum of $33m. Page 36

FORD Australia reported surging domestic economy has helped lift its 1988 profits, while Ford US recorded weaker performance. Page 29

PHILIPS of the Netherlands wants to give up control of Peico Electronics, its Indian affiliate. Page 29

UAL, Delta Air Lines and USAir, three leading US carriers, have reported better performances with strong growth in traffic. Page 26

T. BOONE Pickens, The Texan corporate raider, has been rebuffed again by Koito Manufacturing, the Japanese auto parts company. Page 29

SWEDISH Central Bank raised its discount rate from 8.5 per cent to 9.5 per cent.

INDIAN AIRLINES, the Indian carrier, expects to improve its profitability this year when its fleet will be increased by the 19 Airbus A300 aircraft. Page 29

EGYPT'S most controversial investment fund has authorised the government to withdraw the company's deposits from foreign banks. Page 8

OECD long-term export credits rose by 45 per cent last year. Page 11

INTEL, the US semiconductor manufacturer, announced cost-cutting measures and the elimination of up to 600 factory jobs. Page 26

NCNB, the North Carolina-based bank group, said it would probably submit a bid to take over MCorp, the recently failed Dallas bank holding company. Page 26

LORAL, the US electronic warfare group, has accepted a sweetened bid of $425m cash plus $30m of debt for two of its units from a group led by Mr Bernard Schwartz, the company's chairman. Page 26

March turns anxious Peking students into heroes

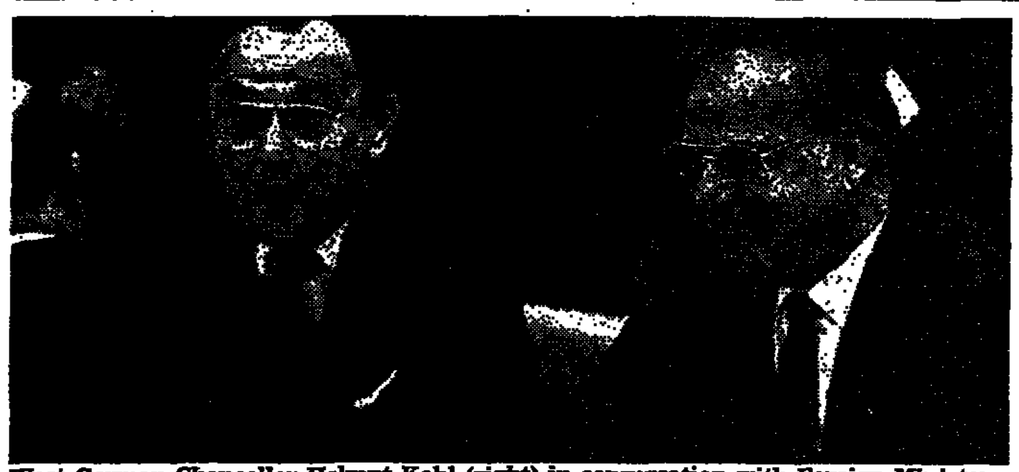
WITH FEWER than 100 students wandering around Peking University at 7am yesterday eating breakfast from tin bowls, it looked as if China's planned campus rebellion was never going to get off the ground, Peter Ellingsen writes from Peking.

Students were still on strike in support of their democracy campaign, but with so few people out in the spring sunshine, it seemed that the party's heavy-handed warnings of the previous day had been effective. However, student leaders, who were meeting in dormitories, were never in doubt.

"Only the bravest will march today," one explained, "But there will be a march". Rumours that police would block the university gates in an attempt to keep students away from the city centre swept the small groups huddled in the quadrangle, but no one was sure.

After nearly two weeks of spontaneous demonstrations, the students were optimistic without being brash or overconfident. By 8.30am, the tightly-knit group in charge had appeared and were countering official propaganda by reading the paragraphs of the Chinese Constitution which theoretically guarantees freedom of speech, movement and assembly.

Young men still in their teens reminded the gathering crowd of their special heritage as Peking University students. On May 4 1919, Peking students protested against the distribution of Chinese territory to foreign powers under the Treaty of Versailles and set off a pro-democracy movement named after that date which is still revered in China.
Continued on Page 24



West German Chancellor Helmut Kohl (right) in conversation with Foreign Minister Hans-Dietrich Genscher at the Bundestag yesterday.

Bonn bitterly rejects claims of failing Nato

By David Goodhart in Bonn

THE West German Government yesterday bitterly rejected claims that it was failing to respect its Nato responsibilities and denied that it was isolated in the Alliance in its call for early negotiations with the Warsaw Pact over short-range nuclear weapons.

"Because of the range of the short-range missiles, West Germany is more strongly affected than other members of the Alliance," Mr Helmut Kohl, the West German Chancellor, said in a major policy speech to the the Bundestag.

"I therefore consider it natural that our friends show the same understanding for our interests as we have shown for their interests on many occasions."

Mr Kohl was applauded by members of all political parties for that and similar comments which, officials confirmed, were aimed particularly at Britain which has been leading the attack on Germany's desire for a postponement of a decision on modernisation of short-range weapons and for early negotiations on the weapons.

He made clear his belief, however, that there was no forseeable alternative to deterrence based on a suitable mix of nuclear and conventional weapons. "Under existing circumstances" some of those nuclear weapons had to be based in Europe.

Mr Kohl spoke of the special opportunities created for West Germany by the Soviet reform programme, but added that as long as uncertainties surrounded that programme and as long as the Warsaw Pact possessed superior military arsenals, the West could not neglect its defence.

He also repeated the West German demand for "early" negotiations on short-range weapons aimed at establishing equal ceilings at lower levels "as defined by the Alliance at Reykjavik in 1987 and Brussels in 1988", and for negotiations on nuclear artillery.

Mr Hans-Dietrich Genscher, Foreign Minister, also made an emotional speech on the possibilities for a historic breakthrough in relations between the two halves of Europe which was warmly received by most Bundestag members.

Mr Kohl's comments on security policy, only a small part of a wide-ranging 90-minute review of Government policy prompted by recent electoral set-backs, will add to the tension ahead of the meeting in Germany this weekend between Mr Kohl and Mrs Margaret Thatcher, Britain's Prime Minister.

Officials have also been stressing that the German position on modernisation and negotiations enjoys varying degrees of support from Denmark, Norway, Belgium, Greece, Spain, Italy and Luxembourg, while France also sympathises with Germany's wish to delay any early decision on modernisation.

The officials add that most of Bonn's allies, including the US,
Continued on Page 24

Delors puts brave face on withholding tax setback, Page 2

Programme for the little man

CHANCELLOR Helmut Kohl's 90-minute report to the Bundestag yesterday was part defence of his record and part a new beginning, writes David Goodhart.

He began in aggresively party political mood, warning of the new dangers of left and righ, then went on to outline his hopes for welfare and wealth creation, in what was largely a speech for a domestic audience.

The form of his address attracted the obvious riposte from opposition leader Mr Hans-Jochen Vogel: if the record is so good, why did we need a major cabinet reshuffle two weeks ago followed by this statement?

But the address was designed essentially to raise the morale and sharpen the profile of his flagging centre-right coalition.

Solid but uninspiring, and thanks to Bonn's leaky news channels, it could offer no real surprises, Mr Kohl's speech had a word for everyone, from mothers to coalminers.

And in a probable foretaste of an emotional election campaign at the end of 1990, Mr Kohl played the "Red-Green" chaos card - citing opposition
Continued on Page 24

Minorco unlikely to avoid ban

By Kenneth Gooding, Mining Correspondent, in London

MINORCO'S chances of escaping the New York court injunction which prevents the South African-controlled investment group buying any more shares in its bid target, Consolidated Gold Fields, the UK diversified mining group, lessened yesterday.

Newmont Mining, the US gold producer which is 49 per cent owned by Gold Fields and a party to the US action, said that, whatever happened in the UK, it would continue to press on with the case. It would go back to the US court if Minorco attempted to circumvent the effects of the injunction in some way in the UK.

The US injunction is responsible for taking Britain's biggest takeover bid, worth £3.5bn ($5.9bn), into unexplored legal territory. Minorco currently owns or has acceptances for 54.92 per cent of the Gold Fields shares but the Gold Fields' board refuses to give in.

Minorco was yesterday mulling over the unique legal and technical problems its bid has created. It is believed to have started to sound out the Takeover Panel about getting an extension to the 21 days by which it must clear away the remaining obstacles or allow the offer to lapse.

There were some indications that the Panel would be willing to comply with a request for more time, but only if Minorco provided a convincing reason and was able to offer a new fixed timetable.

One option Minorco is considering is to call an extraordinary meeting of Gold Fields and persuade shareholders who have accepted the bid to give Minorco their proxies in some way to force the Gold Fields' board to remove the US injunction.

However, Newmont gave a warning last night that "such a vote (at a Gold Fields' meeting) certainly could not have the effect of depriving Newmont's public shareholders of the important protections afforded by the injunction."

It added: "Any initiatives by Minorco that are contrary to the terms of and effect of the injunction will be promptly brought to the attention of the court for appropriate action."

Gold Fields' share price rose by 37p in heavy trading yesterday to £13.20, while Minorco's fell by 26p to £6.28. At that level the offer is worth £14.89 for each Gold Fields share.

Japan tells US chips pact may be under threat

By Louise Kehoe in San Francisco

JAPAN has threatened to terminate its controversial 1986 semiconductor trade agreement with the US if the Americans seek new negotiations on semiconductor trade under the "Super 301" trade suit currently being prepared by Mrs Carla Hills, the US Trade Representative.

Inclusion of Japanese semiconductor trade practices in any action under the Super 301 provisions of US trade law passed last year "would provide grounds upon which Japan is entitled to terminate the arrangement," the industry told Mrs Hills yesterday.

"New negotiations (under the Super 301) are unnecessary and could lead to termination of the arrangement," it said.

The report was filed by the Electronic Industries Association of Japan which has worked closely with Japan's Ministry of International Trade and Industry throughout the trade dispute.

It claims that there are important legal and policy reasons why Japan should not be included in the Super 301.

"Negotiations have been under way for more than 2½ years," said the report. "To impose Super 301 would be duplicative, unnecessary, and in conflict with the terms of the (1986) Arrangement and inconsistent with the purposes of Super 301."

A list of priorities for US trade action will be established in the National Trade Estimates report which forms part of the process and is expected to be published late today. No decision on which countries and trade sectors are to be covered by the Super 301 is expected until May 30, however.

Inclusion of Japan in the Super 301 has become a matter of intense congressional interest as well as the major focus of efforts by the US semiconductor industry to increase pressure on Japan to open its markets to foreign chip suppliers.

The US industry claims Japan has failed to meet promises under the 1986 trade pact to ensure greater access to the $18bn-a-year Japanese semiconductor market for foreign chip makers.

Although foreign manufacturers' share has increased slightly since 1986, from about 8 per cent to just over above 10 per cent, the US claims that progress has not come close to satisfying the agreed goal of a 20 per cent foreign market share by 1991.

The US imposed trade sanctions on selected Japanese goods in 1987 in the form of 100 per cent import tariffs.

If Japan is included in the list of priorities for action under the Super 301, new negotiations on the semiconductor dispute would be required. The US industry would then be expected to seek additional trade sanctions.

US trade officials, including Mr Robert Mosbacher, Commerce Secretary, have already expressed concerns about the Japanese trade dispute and indicated that it is a top priority.

Super 301 requires the US Trade Representative to pursue the elimination of "priority unfair practices", an attempt to attack practices that impede market access.

Negotiations with "priority countries" must proceed over a three-year period, with progress being shown in each of the three years.

Unless there is progress, retaliation is called for under the new trade law.

Super 301 differs from Section 301 trade cases, which are targeted against specific industries or practices.

Japan is and always has been Congress's prime candidate for Super 301.

The US trade deficit with Japan exceeded $50bn last year and shows little sign of improvement in 1988.

Leaders agree to dialogue with the protesters

By Peter Ellingsen in Peking

CHINA'S ruling State Council agreed yesterday to a dialogue with students, meeting demands which have been voiced in demonstrations in Peking since the death of Hu Yaobang, the former party leader, nearly two weeks ago.

The concession followed a march, despite repeated warnings from the authorities, by more than 100,000 students. By sheer weight of numbers they forced a large police presence to abandon attempts to stop them.

It was China's largest protest since the Cultural Revolution and one of the most significant challenges to the authority of the party since Mao Tse-tung led the People's Liberation Army to victory in 1949.

There may now be a shakeout in the leadership and some concession to political reform. Since the students effectively defied the party, China's political agenda is irrevocably altered although it remains to be seen what kind of dialogue the leadership will propose.

In the first official response to the march, state radio quoted a spokesman for the State Council as saying it welcomed a dialogue with students "any time," but that this must take place in a "calm and restrained atmosphere."

Led by about 80,000 chanting students, the crowd brushed aside six separate police road blocks to march 10 miles from university campuses to the centre of the capital.

Students, holding hands and singing the national anthem, received loud and enthusiastic support from an estimated 500,000 spectators

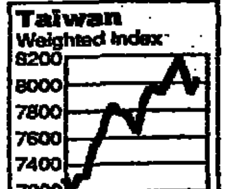
Faced with so many people, the army's crack 38th Division, brought to Peking to control the march, stayed on the sidelines.

The students, well co-ordinated by marshals wearing red armbands, kept to one side of the road to let traffic pass, but people joining the demonstration soon made that impossible. They overran two more police contingents before being joined by a huge group from Peking Normal University. At this stage they were more than 100,000 strong.

It was a remarkable spectacle, with traffic in the north of the city completely halted, workers waving their hard hats in support, and girls running out of buildings to cheer

MARKETS

Taiwan
Weighted Index



INTEREST RATES
US lunchtime
Federal Funds 9 13/16% (same)
3-mth Treasury Bills: yield: 8.69% (8.839)
Long Bond: 99 5/8 (99 1/32)
yield: 8.90% (8.960)
London
3-month interbank: close 12 7/8% (13)

STERLING
New York close
$1.6905 (1.6905)
London:
$1.6910 (1.6885)
DM3.1725 (same)
FFr10.7325 (10.7350)
SFr2.8050 (2.8000)
Y223.50 (223.25)

DOLLAR
New York close
DM1.8770 (1.87905)
FFr6.3490 (6.3595)
SFr1.6595 (1.6565)
Y132.15 (132.20)
London:
DM1.8765 (1.8785)
FFr6.3475 (6.3575)
SFr1.6585 (1.6580)
Y132.15 (132.20)

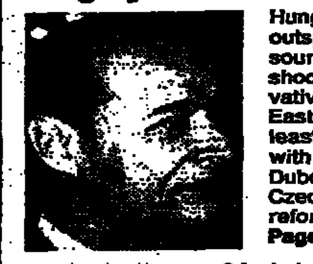
GOLD
New York latest
Comex June
$386.9 (388.2)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,418.99 (+29.86)
S&P Comp
309.58 (+2.65)
London:
FT-SE 100
2,115.7 (+22.3)
World:
144.47 (Wed)
Tokyo
Nikkei Ave
33,500.83 (+65.90)
Frankfurt
Commerzbank
1,717.8 (+0.1))

OIL
Brent 15-day (Argus)
$19.80 (-0.05) (May)
West Tex Crude
$20.995 (-0.06) (June)

CONTENTS

The shock waves from Hungary's airwaves



Hungary's lively and outspoken media is a source of constant shocks to the conservative leaderships of Eastern Europe, not least a TV interview with Alexander Dubcek, the deposed Czechoslovak reformist leader
Page 4

De Mita waves olive branch in Nato missiles row

By John Wyles in Rome

ITALY'S Prime Minister, Mr Ciriaco De Mita, is expected to recommend his Government's position as a possible compromise to the Nato row over short-range nuclear weapons modernisation when he meets Mrs Margaret Thatcher in London today.

By a happy coincidence, he has the opportunity to outline Italy's broadly midway position to the two European poles of the argument within a few days of each other, since Chancellor Helmut Kohl of West Germany is due in Rome for talks on Tuesday.

The Italian view was developed some time before the recent flare-up between Britain and the US on one side and West Germany on the other over the wisdom of beginning negotiations with the East bloc on reducing short-range nuclear weapons in Europe.

Broadly, Rome believes the argument to be unnecessary since, like the West Germans, it accepts that no decision on modernising the existing weapons need be taken before 1992.

As for beginning negotiations on their reduction, Italy believes they should be negotiable but that the start and content of any negotiations should not be decided until it is seen how much progress is possible in the negotiations on conventional arms limitations.

Mr Giulio Andreotti, the Italian Foreign Minister, told a parliamentary committee yesterday that Italy had "full understanding" of West German sensibilities and hoped that negotiations on short-range weapons could eventually get under way. The Italian formula – "no early talks, no early decision on modernisation" – is similar to that of France.

The Italian minister said he believed progress at CFE talks in Vienna on conventional weapons would help Nato develop a negotiating position on the nuclear question.

"It seems logical to us to wait for significant progress in negotiations over the largest of the conventional imbalances," he said, adding: "We don't exclude negotiation (over short-range missiles), even if our aims and methods are different from those recently proposed by the Warsaw Pact."

Delors puts brave face on withholding tax setback

By David Buchan in Brussels

MR JACQUES DELORS yesterday put a brave face on the setback caused by the Bonn Government's scrapping of its own withholding tax to European Commission plans for introduce a similar tax in all 12 EC states.

The Commission president said he was reassured by Chancellor Helmut Kohl's promise to work together with his EC partners for a common EC savings tax, despite Bonn's abolition of its own withholding tax on July 1.

Most EC officials yesterday saw this as the only silver lining in the black cloud that Bonn has now cast over the fate of the Commission's proposal for a minimum 15 per cent withholding tax.

The aim of the EC plan is to minimise the risk of destabilising flows of tax-shy money into low-tax centres like Luxembourg, after July 1 1990 when most EC states are due to lift all exchange controls.

However, some EC officials believed that Bonn's abolition of the *quellensteuer* or withholding tax might reverse the flow of money which left West Germany for Luxembourg last year when the tax was introduced. Thus, they reasoned, Luxembourg might have cause to review its position on the EC tax plan, which, like that of the UK, is one of hardline opposition. EC tax plans require unanimous assent.

But a senior Luxembourg Finance Ministry official yesterday discounted this possibility, claiming that West Germans would continue to make use of the duchy's well-developed "private banking" services and that therefore any return flow of money to West Germany would be minimal.

Luxembourg was as encouraged by recent events in France as in West Germany in its quest to avoid a Community-wide withholding tax, the official said.

The French law on so-called Sicav (Syndicats d'investissement à capital variable) investment funds had last week been clarified to allow profits to escape tax until investors chose to withdraw their stakes.

Frenchmen would therefore have less incentive to invest in Luxembourg Sicav funds, and the Paris Government less of an outflow to fear after July next year, the official argued.

George Graham in Paris adds: France reacted with disappointment yesterday to West Germany's decision to withdraw its withholding tax.

The French Government has insisted that the liberalisation of capital movements within the EC must be linked to EC-wide harmonisation of capital taxation systems.

Mrs Edith Cresson, European Affairs Minister, said that France would continue to press for this linkage. "But I would like to state a deeper concern: the single European market will not be created if every country allows its purely national interests to prevail," she said. "We have made the necessary efforts. Our partners, starting with one who has often been in the forefront of the battle for Europe, must also bear their share of the common task."

Given the long French tradition of holding illegal bank accounts in Switzerland, the French government is convinced its citizens will be quick to invest abroad, to escape heavy tax rates and, more importantly, the declaration which French banks must make to the tax authorities.

Judy Dempsey in Vienna writes: Austria will not follow West Germany in abolishing the withholding tax, despite the close alignment between the two countries' interest rates, Mr Helmut Klauhs, president of the Austrian National Bank, said yesterday.

In a statement reflecting his determination to bring the country's banking and financial system more into line with European Community standards, Mr Klauhs said "we will retain it. But we well keep an eye on how other EC countries will react." The Socialist-led coalition Government introduced the controversial withholding tax as part of its major tax reform last January.

US software makers step up attack on Italian 'copying'

By John Wyles in Rome

US SOFTWARE producers yesterday renewed their attack on illicit copying of computer programs in Italy, announcing prosecutions against the state-owned Enichem Agricoltura and a small Roman producer of petroleum products, Maxcom Petroli.

The Business Software Association, which represents the major US software producers, deliberately chose to move against companies of very different size to demonstrate its determination to clampdown on the widespread practice of software copying in Italy.

The move follows the announcement a fortnight ago of legal action against Montedison, Montefibre and Elettrocarbonium, after court-ordered raids on their offices.

The BSA claimed yesterday that similar checks had revealed that 50 per cent of the Ashton-Tate and Lotus software in use at Enichem Agricoltura had been copied, while Maxcom Petroli was using very little else but copied software.

Enichem last night disputed the BSA figures, saying that only 33 per cent of the software was not original. Copies had been made by individual users "for their own convenience" but it was not company policy to encourage copying.

Chunnel show star makes breakthrough

By Andrew Taylor at Calais

THE STAR of the show appeared just after 1.20pm, right on cue, in front of about 500 press and television people – mostly from France, Britain and Japan – and about 1,000 friends and dignitaries.

Virginie, as she is affectionately known here, is a 400-tonne machine for boring tunnels which has spent the past nine months digging a three-kilometre stretch of the Channel Tunnel from Sangatte, on the French coast, to Coquelles, just outside Calais.

Passengers travelling through the tunnel from Britain to the Continent will appear on the surface there for the first time since they went below ground at Shakespeare Cliff, on the Kent coast. The 50-km journey is expected to last about 20 minutes.

Virginie's breakthrough yesterday represented an important landmark for the Anglo-French project. Either side of the steel cutting head, as it emerged from the chalk escarpment, were two 30-foot figures representing King Henry VIII of England and François I of France.

The two monarchs met 450 years ago, nearby at Ardres, in an attempt to reconcile their differences at the Field of the Cloth of Gold, so called because of each king's efforts to out-do the other.

The service tunnel is the first of three tunnels to be dug. The other two, either side of the service tunnel, will carry railway tracks.

The Japanese were out in force at Coquelles yesterday. They have provided a large slice of the £5bn of bank borrowings and standby credits for the project. Japanese engineers also built the tunnel-boring machine which broke through yesterday.

The head of Mitsubishi Heavy Engineering, who made one of several speeches yesterday, said his machine had achieved a world record – 886 metres in a month – for this type of tunnelling.

One of the first tunnel workers to appear from the machine's large hole was Mr Tony Bray, a 49-year-old Briton who has lived in Calais for the past 18 years. He said his son, William, was working with him in the tunnel.

Nearby was the site of the French Channel Tunnel rail terminal which, when complete, will be the size of Heathrow Airport and be the largest single commercial development in Europe.

Party chiefs hit out at Gorbachev

By Quentin Peel in Moscow

MR MIKHAIL GORBACHEV faced a barrage of criticism from powerful Communist party bosses at this week's stormy central committee meeting, blaming half-baked law-making and the failure of economic reforms for the popular backlash against the party in last month's elections.

However, he rounded on the doubters, denouncing mismanagement throughout the economy, and the failure of party organisations to adapt to the demands of popular democracy.

He urged party committees to make changes in their leadership "wherever our common cause suffers without them," and he rejected any suggestion of a slower pace in economic and political reform.

Full details of the soul-searching debate at the plenum of the party's ruling body began to be published yesterday in the Soviet press, showing that speaker after speaker blamed the deteriorating economy, food shortages, lack of consumer goods, and housing conditions for the backlash at the polls, which saw a string of regional party bosses voted down by electors.

However, the very fact that the full debate is being published (at Mr Gorbachev's suggestion) indicates that the Soviet leader emerged with his authority enhanced.

One of the sharpest contributions came from Mr Yuri Solovev, the Leningrad regional party leader and junior politburo member, who was the most senior man to be defeated in the election.

"It is our view that reform has come to a standstill," he said. "One gets the impression we have not come to grips with it yet. We need to add to this the hasty, ill-considered and inconsequential nature of a number of legal acts that have been adopted, like the anti-alcohol campaign and the co-operative movement."

Mr Gorbachev himself, strengthened by the mass resignation of 110 one-time leaders from the era of Mr Leonid Brezhnev, came back at the critics with one of his most powerful speeches of recent months, openly admitting the dire straits of the Soviet economy, by insisting that the reform process must if anything accelerate.

"Some people are even beginning to panic and very nearly perceive a threat to socialism," he declared. "I do not agree with the extreme judgments that the party is nearly losing its position in the country, or that it has turned into a discussion club.

He admitted that the party leadership had failed to diagnose the chronic ills of the Soviet economy soon enough. The flood of criticism from ordinary workers at the lack of food, consumer goods and decent housing was entirely justified.

However, the extent of the concern in the party was shown by the contribution of Mr Vladimir Melnikov, a staunch supporter and party leader in the Komi autonomous republic.

He said that the public condemnation of the bureaucracy – both of the state and the party – had become so widespread, that for a party official just to stand for election was to court defeat. Many party secretaries were refusing to contemplate running for office in September's local elections.

EC urged to defend electronics industry from foreign rivals

By Terry Dodsworth

THE European Community must adopt a coherent policy to defend and develop its electronics industry in the face of overseas competitors, Mr Jean Caillot, chairman of the French Electronics Industry Association, said yesterday.

Speaking at the Financial Times World Electronics Conference in London, Mr Caillot, who is also president of Thomson International, called for a long-term strategy to secure Europe's "political, economic, cultural and social freedoms".

This should include new ground rules on pricing, anti-dumping and product origins, along with protection against screwdriver plants assembling imported components.

In addition, it should involve development of a European standards policy and financial support for research and industrial restructuring.

"Lastly, the policy must ensure that it is no easier for non-EC competitors to cross European boundaries than it is for European companies to break into the competitors' home markets."

Stressing that electronics was one of the key strategic industries of the future, Mr Caillot said the EC should prevent its members following policies which risked de-industrialisation by encouraging industries from outside to set up in the region.

Mr Caillot's speech set the tone for a day was largely dominated by issues of industrial policy, trade and the strengthening of Europe's position in world electronics.

Mr Pasquale Pastorio, president of SGS-Thomson, the Italian-French semiconductor group, said he supported free trade but that this could only result from fair trade and reciprocity.

Citing figures showing that European chip companies had only a 37 per cent market share in the region, against an 89 per cent share by Japanese companies in their own market, he said "trade is fair only when it is balanced".

Europe had suffered, Mr Pistorio continued, because that up to now it had not acted as a single country. Moves towards an integrated market in 1992 would help, but European chip companies could not wait that long to step up the level of collaboration in certain areas such as semiconductor technology.

"Unless we keep up in the technology race we in Europe could well find ourselves out in the industrial cold ... controlled access to microelectronics is fundamental to the very survival of Europe as an industrialised society.'

A similar point about the need for co-operation and rationalisation was made by Mr Hans Gissel, a director of AEG of West Germany. He argued that the rapidly increasing cost of research and development in electronics was making it impossible for nationally-based European companies to fund all their own projects. Mergers or joint ventures were becoming unavoidable.

This tendency for global co-operation also demanded the global market. "Our future would be in great danger if protectionist tendencies were to gain a foothold and compel the isolation of markets."

Mr Jean-Marie Cadiou, director of the European Commission's Esprit research project in information technology, said the programme was well-placed to provide a platform to develop new technology, and to act as a catalyst for joint ventures and restructuring.

Esprit had registered a number of specific industrial achievements, such as the development of a super mini-computer and a computer communications system for manufacturing environments.

But the programme had also had positive indirect effects in improving the confidence and morale of the European electronics industry and in fostering strategic joint projects.

European information technology companies had doubled their research, development and capital investment in the last four years and were now spending virtually as high a proportion of their sales in these areas as US groups

The importance of Esprit was stressed by Mr Emmanul de Robien, director of long-term strategy at Machines Bull, the French computer group. The joint European research programme had served as a catalyst for many co-operative projects in a period in which European computer manufacturers had staged something of a come-back.

Mr Robien said from 1983 European computer companies had increased their share of the market from a third to a half, partly because of increasing awareness of the stakes involved in the worldwide competition in information technology.

European producers had reorganised themselves, put more money into research and development, and developed aggressive acquisition policies.

FT CONFERENCE

WORLD ELECTRONICS - EUROPE'S ROLE IN AN INTERNATIONAL INDUSTRY

THE potential gains from the single European market could not materialise unless economic and monetary policy were placed on a common and binding footing, Mr Frans Andriessen, the EC External Affairs Commissioner, said yesterday, writes Peter Montagnon, World Trade Editor.

"European integration cannot and will not be limited to the single market," he told the conference. Economic and monetary integration was an essential part of the ultimate objective of European Union to which all member states subscribed in the Single European Act, he said. "It is not in the interest of any member state, or any particular economic sector, to seek exceptions."

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.
Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

French employers outline 1992 demands

By Ian Davidson in Paris

THE French employers' organisation, the Patronat, has thrown itself into the campaign for the election to the European Parliament, with an open letter outlining its demands for the single European market in 1992.

Significantly, the letter signed by Mr François Perigot, President of the Patronat, argues with a vigour which would meet the approval of Mrs Margaret Thatcher, British Prime Minister, against any idea of a Social Europe which might increase industry's costs or limit the freedom of managements to manage.

The letter, which is being sent to all the French candidates in the June 18 election, and published in the national press today, is a follow-up to a major media show staged by the Patronat last December, in which the employers' organisations from all the Community countries signed a solemn declaration on their commitment to the single market.

It is a further symptom of the intensity, mingling hope and anxiety, with which the Single European Market is regarded in France.

The Patronat calls on the French Government for reductions in corporate taxation and in social security contributions, both of which are higher, it claims, than in competing European countries.

It says the tax burden on companies runs at 17 per cent of gross domestic product in West Germany and seven points higher than in Britain; while France's social security costs are 34.2 per cent of GDP, compared with 24.6 per cent on average within the Organisation for Economic Co-operation and Development (OECD).

It also calls for a far-reaching alternative to the Commission's proposal for harmonising value added tax in the Community. It claims that the Brussels plan, under which VAT would be partially harmonised within two wide brackets, is impractical.

Instead, the French employers propose a standstill with the existing system, and a gradual harmonisation on identical rates throughout the Community.

The idea of a Social Europe, though so far ill-defined, is a high priority both for the French Government and for Mr Jacques Delors, President of the European Commission.

Mr Perigot acknowledges the idealism behind the idea, but argues strongly that it is not a high priority.

"Certainly, the Europe of companies must also be a Europe of citizens, a Europe of wage-earners. But whatever the temptation to want to guarantee each citizen of Europe an equal share of the advantages, reason tells us that this is not the right way to proceed."

The top priority must be to mobilise all Europe's resources to become competitive.

West irked by pace of chemicals talks

By William Dullforce in Geneva

FRUSTRATION OVER the lack of progress in negotiating an international ban on chemical weapons was widely voiced by Western delegates yesterday, as the 40-nation UN disarmament conference ended its spring session.

Despite the attention focused on the issue by the Paris conference in January, at which 149 nations called for the elimination of chemical arms, no movement had been achieved on any of the main outstanding issues during the past 10 weeks, one delegate said.

Among the issues he named were the right to inspect suspect sites on challenge, the order of destruction of production plants and stocks and a state's obligation to control the activities of a multinational chemicals concern outside its home territory.

Mr Pierre Morel, the French ambassador, who has been chairing the talks, said that, while the results might appear to fall short of the ambitions set by the Paris conference, more countries had started to participate actively in the talks and difficulties had been more clearly identified.

He expected "real and intensive negotiations" on a convention banning the production, stockpiling and use of chemical weapons to start when the conference resumed its work on June 13.

However, Mr Carl-Magnus Hyltenius, the chief Swedish negotiator, complained that progress had been "far too modest".

Mr Hyltenius called on the US and the Soviet Union, the two main possessors of chemical arms, to "exercise some leadership" on the challenge inspection issue.

Earlier this month, speaking on the fifth anniversary of the day on which President (then Vice-President) George Bush had tabled a draft chemical weapons treaty to the conference, Mr Max Friedersdorf, the US representative, urged delegates to get to grips once and for all with the challenge inspection issue.

Mandatory, short-notice, on-site inspection was the linchpin of a verification regime for the treaty and there would be no foundation for the resolution of other issues, until that fact was acknowledged, Mr Friedersdorf said.

The Soviet Union has accepted the idea of challenge inspection. Other countries, among them Arab states reluctant to abandon chemical weapons as a counter to the nuclear arms Israel is believed to possess, balk at its implications.

EC steps up battle over HDTV

By William Dawkins in Luxembourg

THE European Community yesterday stepped up the battle against Japanese competition to win world acceptance for its own standards for high definition television (HDTV) in the 1990s.

A meeting of Telecommunications Ministers formally endorsed the HDTV standards being developed by a consortium of European electronics companies participating in the French-inspired Eureka collaborative research project.

Philips of the Netherlands, Thomson of France and Bosch of West Germany are the leaders of the scheme, which produced the first European HDTV prototype last year.

HDTV is expected to become commercially available across Europe in the early 1990s, by which time the Commission estimates the world market will be worth Ecu100bn ($1.11bn) annually.

Until recently, full agreement on an EC norm had been held up by Italy's preference – now abandoned – for Japanese HDTV standards.

The EC technical standards will be presented to the CCIR, the international radio-communications consultative committee, due to decide on the world norm for HDTV next year.

W Berlin signals red-green to Bonn

Leslie Colitt speaks to the city's pioneering new Governing Mayor

MR WALTER MOMPER, the Governing Mayor of West Berlin, appears to be relishing the extraordinary attention his five-week-old coalition of Social Democrats (SPD) and Greens is attracting among West Germans as well as the three Western Allies and Soviet Union in Berlin.

If the "red-green" experiment succeeds in West Berlin and the fortunes of Chancellor Kohl's Christian Democrats fail to improve in Bonn it is widely held that a similar alliance could emerge from West Germany's elections late next year.

Even President George Bush was interested in the West Berlin coalition, Mr Momper said in an interview this week after his return from Washington. "The first question the President asked me was how the first four weeks had been?"

Mr Bush's keen interest and that of State Department officials went far beyond the normal concern shown in Washington for the West's walled-in protégé. "They can add two and two, and they know that if this succeeds here then it cannot be ruled out in Bonn," said the 44-year-old Mayor.

But Mr Momper's rambunctious ally, the Alternative List, as the Greens are known in West Berlin, had a jarring welcome in store when he returned from the US. Leading AL politicians reacted venomously to the his invitation to the President to visit West Berlin which was promptly accepted.

"We can live without a visit by Bush," said Ms Hilde Schramm, the AL vice president of the West Berlin Parliament. While the party stuck to its coalition pledge to respect the status of Berlin and the Allied presence there, it would demonstrate against Mr Bush.

"We are critical of US policy in Nicaragua and Washington's insistence on modernising short range nuclear weapons," she declared.

The unflappable Mr Momper replied that he could only advise his fellow Germans that "Bush is not Reagan." The President was introducing more dynamism into East-West relations and had reduced interventionism in Central America to a

> If the "red-green" experiment succeeds in West Berlin and the fortunes of Chancellor *Helmut Kohl's Christian* Democrats fail to improve in Bonn, it is widely held that a similar alliance could emerge from West Germany's elections late next year

minimum. "One does not realise this here," he said. The Americans had expressed their understanding of such clashes of opinion within the red-green coalition by noting that this was part of the democratic process.

The Mayor – who dislikes being addressed with his formal title of Governing Mayor and prefers the egalitarian Herr Momper – weathered the coalition's first crisis by ordering the police to eject illegal occupiers of abandoned buildings and to remove young demonstrators who occupied his office for three hours in sympathy with convicted terrorist hunger strikers.

Mr Momper was given an unusually favourable press by East Germany which has been avidly wooing the SPD for years, and he is to visit President Erich Honecker in East Berlin.

But first he will complete his obligatory round of visits to the Allies by having talks in London next week with Mrs Margaret Thatcher and the Foreign Office and paying his respects in Paris.

Only then can he begin to think about an expected visit to the Soviet Union where Izvestia gave his coalition a very friendly write-up. He would be the first West Berlin mayor to make it to Moscow.

His predecessors badly wanted to go but were dissuaded by the Soviet refusal to fully accept West Berlin's links with Bonn. "That's what makes this so fascinating," Mr Momper said.

When he presented his government's ambitious goals of greater social equality, environmental protection on both sides of the Wall and more jobs for West Berliners, two senior East German officials were present at the speech in Rathaus Schöneberg, the seat of West Berlin's Government.

Mr Momper regards this as a further sign that East Germany wants to gain as many advantages as possible from the capitalist outpost of West Berlin. In return the Western side will press for closer contacts between East and West Berlin.

"Everything which was a disadvantage for West Berlin before Gorbachev can now become an advantage for the city," he said, with the quiet conviction of a man who, rather untypically, came from West Germany 22 years ago to make his career in West Berlin and who has now been pushed into the political limelight.

Brittan warns on airline liberalisation

By David Buchan in Brussels

EUROPE may be liberalising air transport as the US has already done, but the European Commission will not turn the same blind eye towards airline mergers as the US authorities have shown, Sir Leon Brittan, EC competition commissioner, warned yesterday.

Sir Leon told a conference in Brussels that mergers between airlines established in the same country or at the same airport were more "likely to fall foul" of EC competition rules than cross-border mergers between airlines based in different European Community states.

This was because mergers inside a single national market were more likely to reduce the number of routes operated in parallel and the number of potential competitors for the same licences on new routes, he said.

The pertinence of Sir Leon's warning lay in the fact that the Commission has two "domestic" airline competition cases to settle shortly.

The first is a takeover bid by KLM of the Netherlands, for Transavia, another Dutch carrier, and the second the complaint by UTA, the private French carrier, against the French Government for refusing to award its routes inside Europe and reserving these instead almost entirely for Air France.

One step forward, and one back for IRI chief

By Alan Friedman in Milan

PROFESSOR Romano Prodi, chairman of the giant IRI state holding group, has won a victory and suffered a setback in his campaign to instal entrepreneurial managers in Italian state industry.

His victory was to secure more powers for Mr Carlo Verri, the talented and apolitical new chairman of Alitalia, the state airline.

The setback came at the undercapitalised Banco di Roma, where patronage-loving party political leaders have forced Prof Prodi to expand the number of managing directors from two to three.

Mr Carlo Verri took over at Alitalia last summer after Prof Prodi succeeded in ousting Mr Umberto Nordio, whom he accused of "a myopic management and reactionary policies".

But Mr Verri, a highly acclaimed private sector manager who had turned round the Zanussi home appliance company, soon found himself surrounded by political cronies, mostly Christian Democrats.

So anguished has he become that he has been said to be on the verge of quitting Alitalia for months. Instead, it was announced yesterday that Mr Verri's executive powers are being strengthened and the two managing directors left over from the Nordio era are leaving, to be replaced by Mr Giovanni Bisignani, the 43-year-old head of international affairs at IRI who has Prof Prodi's backing.

At the Banco di Roma it looked as though Prof Prodi had achieved a victory last Christmas when he installed Mr Antonio Zurzolo, the respected director-general of IRI, as chairman of the feeblest of the state holding company's three commercial banks.

But yesterday it emerged that political leaders have forced IRI to appoint three managing directors under Mr Zurzolo, with responsibilities which remain distinctly obscure.

IRI says Mr Zurzolo will have significant executive supervisory powers at the undercapitalised Banco di Roma, but the extent to which the political parties have got their claws into the bank is evinced by the fact that a much-touted shareholding alliance between the bank and IMI, the cash-rich corporate finance institute, appears to have been blocked, at least temporarily, by the politicians.

EUROPEAN NEWS

Listening to the voice of Hungary

Leslie Colitt, in Budapest, looks at the nation's vibrant media

HUNGARY'S lively and outspoken press, radio and television are providing daily political revelations to appreciative Hungarians and shocks to the conservative leaderships of Eastern Europe.

Orthodox Czechoslovakia reacted angrily to Hungarian TV's interview on April 17 with Mr Alexander Dubcek, the deposed Czechoslovak reformist leader – the first in the official Eastern European media since his ousting in 1969. It caused a sensation among viewers in adjoining Slovakia.

The Czechoslovak Foreign Ministry promptly accused the Hungarians of interfering in Czechoslovakia's internal affairs and warned against further "such incidents."

Undaunted, however, Magyar TV, responded this week by airing the second part of its interview with Mr Dubcek.

East Germany too has been taken to task in the Hungarian press which recently labelled the Berlin Wall an "anachronism."

The Hungarian media, however, reserve their special disdain for the Romanian ruler, Mr Nicolae Ceausescu. Magyar TV, which has given wide coverage to Mr Ceausescu's village-razing programme and to the many ethnic Hungarians from Romania who applied for asylum in Hungary, has been permanently banned from entering Romania.

Protests may rain down on the Hungarian authorities from Prague, East Berlin and Bucharest, but the standard reply in Budapest is that the Hungarian media enjoy freedom of expression.

Remarkably, most of this freedom has existed for only the past eight months. A liberal new press law being drafted by the Justice Ministry will give individuals the right to establish a newspaper or magazine. The sole requirement will be registration with the authorities but not their permission.

Although official censorship no longer exists, "central influence" on the press, which is sponsored by the Hungarian Communist Party and the Government, is still felt – according to Ms Györgyi Kocsis, the domestic economy editor of Heti Vilaggazdag (Weekly World Economy-HVG).

Owners of newspapers, however, sometimes also try to act as censors she said. HVG, a prestigious economic and political magazine, models itself on The Economist and until recently was the most outspoken Hungarian publication.

Newly-emerging political parties grasp on to strands from the main rope of Hungary's Communist Party – The Big Grab – as seen by the country's Weekly World Economy (HVG) magazine

It began publication 10 years ago with a circulation of 12,000 and now sells 163,000 copies. This month it was turned into a joint stock company, the first in which employees have a 10 per cent stake.

Magyar Nemzet,the daily newspaper of the Patriotic People's Front which is spearheading political reforms, is also highly critical of the establishment and even Nepszabadsag, the Party newspaper is growing increasingly brazen.

The Hungarian newsagency MTI which lagged behind in openness, recently launched a special service for opposition political groups who were miffed by the agency's refusal to carry more than abbreviated versions of their statements.

For a fee, MTI will circulate the opposition's statements verbatim to the Hungarian media. One of the best-selling of the more than 100 new publications established in the last year – eight times as many as in 1987 – is the weekly newspaper Reform.

It contains a healthy dose of Magyar nationalism and is awash in the red, white and green national colours.

Hungarian intellectuals disparagingly compare it with Austria's sensational Kronen Zeitung, but the public-at-large enjoys the racy format.

Reform started up last September with a circulation of 100,000 and is now up to 300,000. Mr Peter Tőke, editor-in-chief, said he could sell 400,000 copies if he good get the newsprint. In its first four months it earned its owners Forints 7m.

Mr Tőke stressed that Reform is as far removed from the Party as from any of the new political groups although the Party has 15 per cent of the shares in the joint stock company which owns the newspaper.

Three banks have 50 per cent and the remainder is held by Hungarian TV, the Chamber of Commerce and a foundation. Mr Tőke said that although "we honour our publisher as in the West" Reform sometimes was critical of the Party.

Recently, for example, it carried an article condemning the way the Party used its funds. "Self-censorship is changing and is becoming more and more flexible" he remarked, noting that only a half a year ago the newspaper would not have been able to publish the views of the opposition which it regularly does now.

Hungarian Radio, long in the forefront of freedom of information, recently presented a biting cabaret spoof in which the subject was the 1956 Hungarian Uprising.

The Central Committee recently deemed it to have been a genuine popular uprising at the start which only later became a counter-revolution.

It broadcast a mock version of a Central Committee statement which sarcastically alluded to the role of Mr Janos Kadar, the former Hungarian leader who supported the crushing of the uprising with Soviet tanks.

The statement noted that the "Cabaret Committee" studied with great interest a statement which said: "With regard to 1956, an evaluation seems to be still premature as many people who participated in the events then are still alive.

The Cabaret Committee expresses its sincere joy over the fact that many who participated in the events at the time are still alive.

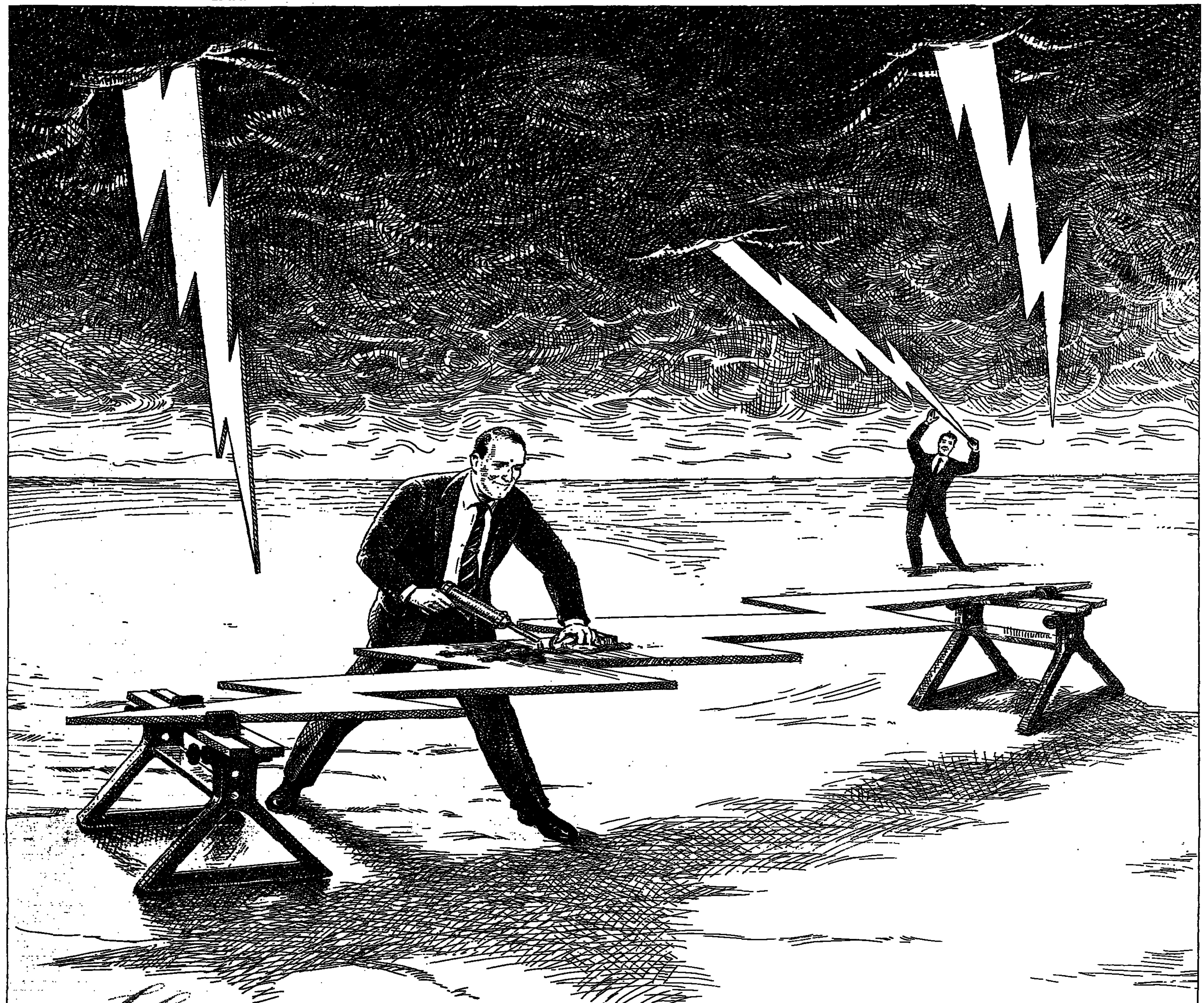
At the same time it expresses its sincere regret that very many of the participants of the then events are long dead."

Hungarian Radio was also the first to interview Mr Lech Walesa, the Solidarity leader, as well as Mr Adam Michnik, the Polish opposition ideologist.

On balance the highly literate Hungarian press as well as TV and radio manage to provide a breadth and quality of domestic and foreign news coverage which would be difficult to duplicate in many Western countries.

The press is also proving to be tempting to investors. The liberal view taken by the Hungarian leadership toward the domestic media extends to the foreign media as well.

Radio Free Europe which broadcasts into Hungary and other East European countries from Munich and has been the East's favourite Western demon for decades, was allowed to send a permanent correspondent last month to Budapest.



OVERSEAS NEWS

Bangladesh tornado kills at least 400

A STRONG tornado swept through central Bangladesh killing at least 400 people, injuring thousands and strewing areas with bodies and animal carcasses, according to officials and witnesses, Reuter reports from Bangladesh.

Hundreds of people were missing after the Wednesday night storm flattened houses and crops in a 160 sq km area north of Dhaka.

Villages were reduced to wreckage on both sides of a highway between Manikganj and Shaturia. In some places not a single building remained. "It looks like a war-ravaged area," a local official said.

Twisted corrugated iron roofs hung from trees, loaded trucks were blown more than 500 metres, electricity pylons and trees lay twisted on the ground.

In Shaturia village, human bodies and animal carcasses lay side by side.

As soldiers, police and villagers searched for victims, authorities appealed for more help to find the missing.

"More volunteers are needed to search 30 villages battered by nearly 160km per hour winds," said an official at Manikganj, one of the worst-hit areas, 65km north of Dhaka.

"More than 200 bodies have been recovered from Shaturia sub-district near Manikganj alone," said area administrator Faruq Ahmed Khan.

He said at least another 200 people were killed in the sub-districts of Daulatpur, Manikganj Sadar and Dhamrai.

He and other officials said the death toll could rise as high as 1,000 when the debris had been cleared.

More than 400 people, most with severed limbs, were being treated in Manikganj Hospital alone, doctors said. Hundreds more were sent to Dhaka or nearby clinics.

"It lasted just four or five minutes and left a trail of destruction," one villager said.

Villagers said more than 30 people were crushed to death while squatting in a warehouse waiting for free rice being distributed to those who had lost their crops because of a drought.

The tornado did bring rain, but weather officials said it was not enough to ease the drought that has gripped parts of Bangladesh since last month.

President Hossain Mohammad Ershad visited the worst-hit areas on Thursday and handed out money and relief supplies to the victims.

The tornado was the latest in the series of calamities to hit this South Asian country, which has an annual per capita income of $150.

Floods and cyclones described as the worst in 40 years in the region were reported to have killed at least 6,000 people in the second half of last year.

LDP moves to push through budget

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic Party yesterday ended 70 days of political deadlock over the 1989-90 budget caused by the Recruit affair and railroaded the bill through a crucial parliamentary committee.

The move shows the party's determination to maintain its authority despite the strains of the scandal which led earlier this week to the decision by Mr Noboru Takeshita, the Prime Minister, to resign soon.

Today, the party intends to push the budget bill through a full session of the Diet's lower house, paving the way for it to go through the upper house in the next two weeks and become law.

Opposition party members boycotted yesterday's session in protest that the ruling party had ignored their demands that Mr Yasuhiro Nakasone, the former prime minister, should first give evidence about his role in the Recruit scandal.

In going it alone, the LDP has broken with a long-established tradition that legislation is passed by consensus, especially budget bills. Budgets have been railroaded through the committee stage only twice since the war.

Mr Takeshita wanted to have the budget well on its way to becoming law before he leaves tomorrow for a tour of south-east Asia.

However, the party's efforts to dispel the air of uncertainty surrounding the Government were undermined by the announcement that a planned visit at the end of May by the South Korean President Roh Tae Woo had been cancelled by Korea.

Moreover, party leaders are still having difficulties persuading Mr Masayoshi Ito, the preferred choice as Mr Takeshita's successor, to step into the prime minister's shoes.

Mr Ito told a press conference yesterday that he had turned down the offer because he was sick. He is 75 and a diabetic.

Nevertheless, it is widely believed in Tokyo that Mr Ito will be prevailed upon to accept the post, probably after the end of a series of public holidays next week.

The main alternative to Mr Ito is Mr Masaharu Gotoda, 74, a former political ally of Mr Kakuei Tanaka, the ex-prime minister who was involved in the Lockheed bribe scandal in the 1970s. He was once director general of the National Police Agency and chief cabinet secretary, but his main work in recent years has been as a king-maker in the party's inner circles.

Meanwhile, an advisory panel of academics set up by Mr Takeshita in January has produced a report urging political reforms, including requirements for ministers to disclose personal and family assets and refrain from stock market dealings while in office.

In Tokyo, there is no alternative

Stefan Wagstyl explains the lack of credible opposition to the LDP

THE weakness of Japan's opposition parties has rarely been so completely exposed as in the Recruit scandal.

In almost any other democratic country where support for the prime minister had dropped to 3.9 per cent, opposition parties would expect to be on the verge of forming the next government. Their leaders would be preparing seriously for a general election.

Japan's opposition is going through the motions. Opposition party leaders have indeed called for an immediate general election – but nobody, themselves included, believes there is the remotest chance of one being held. Four opposition parties have formed a united front to fight the ruling Liberal Democratic Party over the Recruit affair. But it took them six months to do it.

For most of Japan's post-war history the ineffectiveness of the opposition has hardly mattered. The LDP was able to satisfy most Japanese most of the time for more than 30 years by presiding over the country's great economic advance. But it matters now because the Recruit affair has shown how a monopoly of power by one party leads to corruption.

Opinion polls show ordinary Japanese want political reform, especially some breaks in the channels funneling money from wealthy interest groups into politics. However, the pitiful state of the opposition means that people have little choice but to trust the LDP to reform itself.

It was not always so. In the 1950s, many analysts thought politics might develop on British lines, with the LDP on the right and the Japan Socialist Party on the left.

The JSP then commanded about one third of the vote.

Japan's Lower House

	Before 1986 election	Now
LDP	257	309
Socialists	110	87
Komeito	59	57
Democratic Socialists	37	28
Communists	27	27
Others	10	4
Total	500	512

But the party was perpetually torn by internal feuds over personalities and ideology. Its members argued passionately with one another about issues which were of less and less concern to the increasingly affluent average Japanese.

It has demanded an end to the Japan-US Security Treaty and the disbanding of the armed forces. It refuses to recognise South Korea, supporting instead the communist North. But on issues of central importance to the voter – high prices, import barriers, housing and education – its policies have rarely been clearly spelt out.

The LDP also has its internal arguments, in which the different factions are ranged against one another. But they are at least united in the pursuit of power. The JSP has been pushed further and further to the left, to the political wasteland occupied by the well-organised and well-funded Japan Communist Party.

As power become an increasingly remote possibility, the JSP splintered, losing members to the newly formed Democratic Socialist Party, which tried to reclaim some of the lost middle ground. There, it fights for territory with Komeito, the "clean government" party formed in the 1960s with the backing of Soka Gakkai, a big Buddhist movement.

In the same way as the LDP has become institutionalised as the party of government, the JSP has become institutionalised as the party of perpetual opposition.

There is an element of ritual in the often bombastic denunciations of the government by the JSP and other opposition parties. The ritual also dictates that passions are dissipated in public debate; behind closed doors, the LDP often tries to accommodate opposition views on legislation. These efforts have built up a tradition that important legislation is passed by consensus, a tradition dear to the Japanese heart.

The symbiosis between government and opposition is so complete that some companies hold joint fund-raising parties for the LDP and JSP combined.

However, Recruit could strain this attitude of live and let live to breaking point. If public anger with political leaders does not turn to boredom over the summer, then the opposition parties, especially the Socialists, will have a real political job on their hands for the first time in many years.

The electorate so far does not believe the JSP will be up to the task. Opinion polls and local elections since the beginning of the year have shown a big swing away from the LDP, with its popular support recently falling from its normal 50 per cent-plus to 14 per cent. But the main beneficiary has been the Communist Party, which holds only 27 out of 512 seats in the lower house of the Diet (Parliament), against the Socialists' 87. However, analysts say that the votes for the Communist Party are votes cast in anger; few people want to see a communist government.

So for the moment dissatisfaction with the LDP has not turned itself into support for other parties. It may never do, given that the LDP has delivered peace and prosperity for more than 30 years.

Rocket fire greets Kabul regime anniversary

MOSLEM rebels greeted the anniversary of Afghanistan's Marxist revolution yesterday by firing volleys of rockets on Kabul, killing at least nine people, including three soldiers guarding a barracks, Reuter reports from Kabul.

Eight people were wounded by the rocket fire from nearby mountains, which showered all parts of the sprawling city of mud-brick houses and open sewers.

The rockets began landing on the city of 2.5m people before daybreak in some of the fiercest rebel rocket attacks yet on either military or civilian targets.

There was no exact figure for the total number of casualties but officials said many of the missiles hit unpopulated areas around the capital.

The three soldiers were killed and one wounded when a rocket narrowly missed the barracks near a parade ground reserved for national occasions.

There was a splash of fresh blood at the scene and shrapnel pockmarked the walls of the building in central Kabul.

The rocket landed near a stand from where President Najibullah on Wednesday watched the army salute the 1978 revolution, a day before its anniversary, in a parade that excluded the public and highlighted fears of a mujahideen attack on the capital.

The other dead were two members of one family and four workers at a government building.

Another rocket wounded five civilians when it slammed into a neighbourhood near the historic fort of Bala Hisar, which houses the president's special guard.

Just before dawn, government troops began firing the first of at least seven long-range Scud-B missiles at mujahideen positions in a provincial area.

Rebels have killed at least 24 people and injured 29 in the past week in an apparent bid to disrupt the celebrations.

Philippine rebels begin to take aim at US targets

Insurgents are stepping up their pressure against American bases, writes Richard Gourlay

THE killing of a US colonel last week by communist guerrillas in Manila signals a significant shift in the Philippines' home-spun guerrilla war, which has clawed at the stability of the government and undermined international confidence for two decades.

As Washington and Manila approach talks later this year on the future of big US military bases in the Philippines after 1991, the Communist Party has showed it is willing and able to attack Americans and American installations whether or not they are involved in counter-insurgency, simply because they symbolise Washington's support for President Corazon Aquino.

Colonel Nick Rowe, who died immediately in what the army says was a well executed ambush, was a decorated Vietnam veteran in charge of weapons procurement for the Philippine army at the Joint US Military Assistance Group.

Perhaps this made him, in the words of José Maria Sison, the self-exiled founder of the outlawed Communist Party, "guilty of aggression" against the New People's Army rebels.

US servicemen stationed at Clark Air Base, 40 miles north of Manila, on the other hand, are generally believed not to play even an indirect anti-insurgency role.

On April 6, however, patrolling soldiers interrupted insurgents as they laid a big land mine on the road to a firing range used by US servicemen from Clark base.

Three days later, the NPA rebels claimed responsibility for breaking into a US naval relay station in Benguet province and blowing up a communications antenna and pylons.

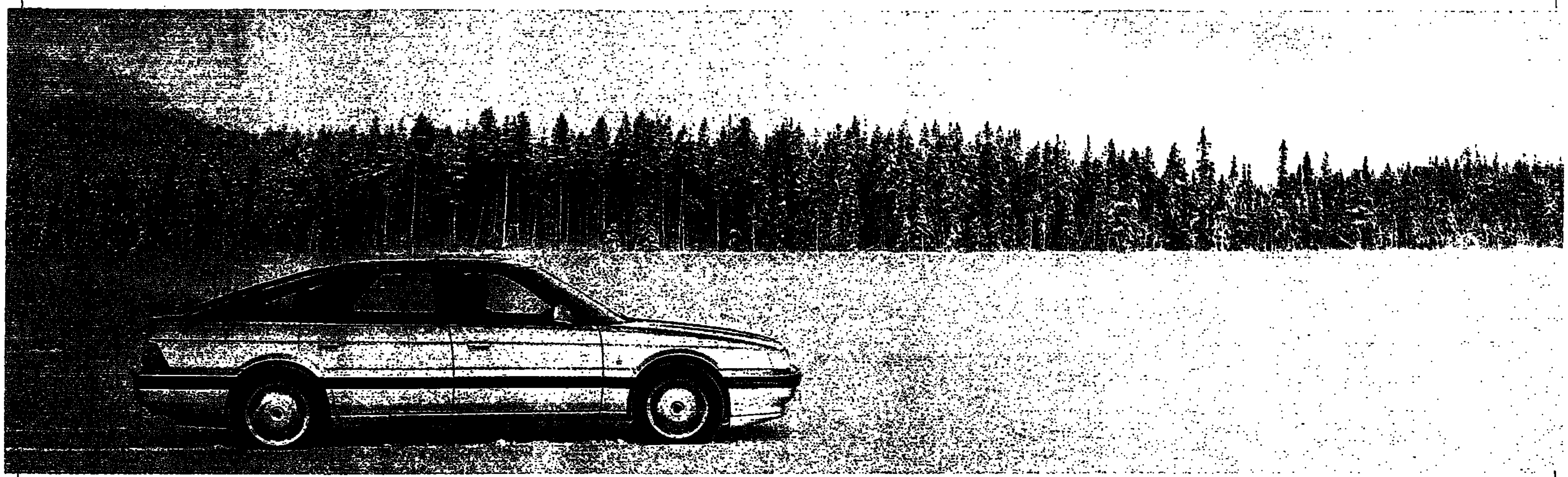
The Communist Party has been threatening to target Americans and US installations since last year if they continued to support the Aquino government's counter-insurgency efforts. Mr Satur Ocampo repeated the threat early this year after offering to talk peace with Mrs Aquino if she refused to extend the lease on the bases after it runs out in 1991.

Mrs Aquino announced on Tuesday that talks with Washington on the future of the bases would begin this year but she still refuses to come off the fence and announce publicly whether she backs a continued US presense.

Ironically, rebel attacks on Americans and US facilities may play into the hands of those Philippine officials who want the bases to stay after 1991, as asking Washington to leave could be argued as giving in to the communists, some observers say.

More killings could also puncture the confidence of investors now tentatively returning to the Philippines, apply a severe brake to the economic recovery, and jeopardise the private sector elements of a planned $10bn aid plan, backed by Japan and the US, designed to form the foundation of lasting growth.

Drive across Lake Hornavan and you learn a thing or two about brakes.

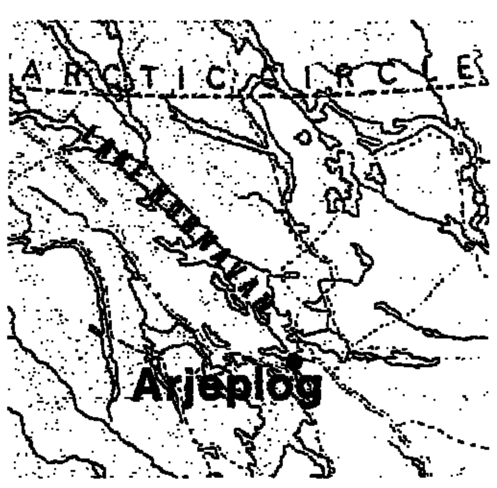


In the winter it enjoys three hours of sunlight a day and arctic temperatures that hover around the minus 40 mark.

To us, literally the frozen wastes. To the Rover test drivers, a kind of paradise. Solid ice, sixty four kilometres of it, and just the spot to put the ABS braking system on the Rover Vitesse through its paces.

First, our drivers test the brakes on a surface of hard packed snow on top of ice. Both car and brakes are pushed to the limit as stopping distances are gradually reduced.

Then the car is driven at high speeds on a split surface. Half ice, half false tarmac. (The false tarmac being created by spraying a mixture of water and gravel on the ice.)



Lake Hornavan, Northern Sweden. Home to elk, reindeer and Rover test drivers.

Once the ABS system is tuned to its optimum and the cars are steering along the straight and narrow as well as round the bends, it's off to the next test.

The Austrian Tyrol maybe for yet more brake tests. The California desert for hot weather trials. Or even to glamorous Warwickshire, home of Rover's Gaydon proving ground.

That's where the 24 valve, 2.7 litre, V6 Vitesse engine, unhampered by speed limits, is really allowed to perform.

0-60 in 7.6 seconds. Top speed, 140 mph.

Small wonder then that the Vitesse comes with up-rated gas dampers, ultra low profile tyres, alloy wheels and sports suspension.

As well, of course, as all the comfort and refinement you'd expect from a Rover.

The Rover Vitesse Fastback. We've put it to the test.

Now it's your turn.

ROVER 800 SERIES

CAR SHOWN ROVER 800 VITESSE FASTBACK. PRICE £21,240. ROVER 800 FASTBACK RANGE FROM £13,131 TO £21,240. ALL PRICES CORRECT AT TIME OF GOING TO PRESS, EXCLUDING NUMBER PLATES AND DELIVERY. EVERY NEW ROVER 800 IS UNLEADED COMPATIBLE. FOR FULL DETAILS OF YOUR NEAREST ROVER DEALER AND A FREE BROCHURE ON THE ENTIRE ROVER 800 RANGE, RING 0753 [illegible]. NATIONWIDE CAR RENTAL RESERVATIONS THROUGH BRITISH CAR RENTAL. TEL 0203 [illegible]. TAX-FREE SALES INFORMATION 021-475 2101 EXT 220.

Field marshal sworn in as Jordanian PM

By **Lamis Andoni** in Amman

KING Hussein of Jordan yesterday swore in a distant cousin, Field Marshal Sherif Zeid bin Shaker, as the prime minister of a caretaker cabinet entrusted with re-assessing economic policy and supervising parliamentary elections.

In a letter confirming the appointment, the king said the new prime minister should concentrate on maintaining stability and social discipline. Indicating that the new government will take a tough line in the wake of riots which brought down its predecessor, the king said it should put an end to "politicisation of religion" and indicated disapproval of political activity by professional associations.

Mr Zeid Rifai, the former prime minister, resigned after widespread protests against price rises imposed by the government in line with an International Monetary Fund agreement. Field Marshal bin Shaker, 55, former commander of the armed forces, was appointed chief of the Royal Court in January as part of a limited government reshuffle.

A childhood friend of the king, the field marshal remained close to him during the crises that threatened the Hashemite throne, especially in the turbulent years of the 1950s and during the 1970 civil war, when the king bowed to Palestinian pressures and removed his cousin from his military post for a short period.

Among other appointments yesterday, King Hussein brought Mr Taher al-Masri, a former foreign minister, back as minister of state for economic affairs. Mr al-Masri is a Palestinian who opposed Mr Rifai's confrontational policies towards the Palestine Liberation Organisation.

Addressing the nation for the first time since the riots, the king urged Jordanians to face the fact that the era of economic prosperity was over.

Palestinians underline unity on poll proposal

By **Hugh Carnegy** in Jerusalem and **Lamis Andoni** in Amman

PALESTINIAN leaders in the West Bank and Gaza Strip have sent a clear signal to the Israeli government of their determination to maintain a united position, both among themselves and with the Palestine Liberation Organisation, on proposals for elections in the occupied territories.

In response to plans for elections announced by Mr Yitzhak Shamir, the Israeli Prime Minister, more than 80 leading Palestinians from the territories, ranging from senior political figures such as Mr Faisal al-Husseini to academics, signed a statement rejecting the proposals. The signatories reflected a wide spectrum of Palestinian political opinion in the occupied territories.

Their statement said Palestinians within the territories would not be divided, and reiterated their identification with the PLO, with which Mr Shamir refuses to negotiate.

Meanwhile, the PLO itself appears to have outwardly hardened its line on elections. Leaders of the various PLO factions met in Tunis this week and decided to reject the idea of elections as a basis for a peaceful settlement.

Senior PLO officials said the decision was aimed at refocusing world attention on what the organisation sees as the substantial issues: convening a UN-sponsored international peace conference and securing an Israeli withdrawal from the occupied territories.

At the same time, some PLO leaders are continuing to press for the adoption of a more conciliatory position towards Mr Shamir's proposals, which enjoy some US support.

Egypt seeks to bring investment funds back

By **Tony Walker** in Cairo

THE head of Egypt's biggest and most controversial investment fund has authorised the government to withdraw the company's deposits from foreign banks, according to the latest edition of the semi-official al-Mussawar magazine.

No figure was given by the magazine for the amount of money lodged abroad by the El Rayan company, whose principal, Ahmed Tewfik Abdel Fattah, is being held in custody, but sums of up to $500m have been mentioned in Cairo's official press.

Representatives of some Western governments confirmed yesterday that Egypt had sought their assistance in repatriating El Rayan's funds from foreign banks. Among countries believed to have been approached are Switzerland, West Germany, Britain and the US.

Thousands of depositors in El Rayan, the most aggressive of the deposit takers which mushroomed into a huge industry that challenged the government's regulatory capabilities, face the loss of their life savings unless funds held abroad are traced.

The Egyptian government began last year seeking the return of "missing millions" held abroad by investment houses which were obliged in mid-1988 to suspend their operations, pending the introduction of a new law.

The activities of these finance companies have been virtually frozen since last year, while the authorities investigated their affairs.

According to some estimates, 104 companies attracted deposits of up to $4bn, but no reliable figures have been published. The government last year asked depositors to supply details of funds lodged in these companies to assist in its investigations.

Depositors poured money into the investment sector, attracted by returns of up to 24 per cent annually on Egyptian pound and foreign currency deposits, compared with much lower rates offered by the banks. The government was unprepared for the rapid growth of these institutions.

Economic and racial time bomb explodes

Ray Medlock in Dakar on the history behind the riots in Senegal and Mauritania

THE ORGY of violence which exploded in Senegal and Mauritania this week was a time bomb kept ticking by economic strains and racial distrust. The dead are still being counted – at least 100 in Mauritania, according to hospitals, and several unconfirmed deaths in Senegal.

But there are other serious consequences of the lynching and the looting which followed a border incident over grazing rights. Economic circuits have been broken; Senegal's reputation as a peaceful haven for foreigners has taken a severe knock; and community relations between mainly light-skinned Moors and mainly black African Senegalese are at an all-time low as thousands of people return to their respective countries as dispossessed refugees.

Before this week's outbreak of violence, between 200,000 and 300,000 Mauritanians, or Naars as they are called by the Senegalese, lived and worked in Senegal, about a third of them in Dakar. They controlled 80 per cent of the petty commerce sector.

Neighbourhood Naars shops used to open at all hours to sell tiny quantities of consumer goods to poor urban Senegalese: one potato, half a kilo of rice, a spoonful of sugar. This service was rendered on credit, a necessity for Senegalese trying to make ends meet. Almost all of the shops are now locked shut or looted, creating shortages of goods in the cities.

In Mauritania, communities of Senegalese fishermen settled along the rich Atlantic coast for generations are also an integral part of that economy. Senegalese work on farms and keep cattle and goats on both sides of the River Senegal, which forms the border.

There has also been economic co-operation at the state level. The massive hydroelectric and irrigation projects on the river, at Diama and Manantali, are among the biggest and most expensive co-operation projects in the region.

President Abdou Diouf: played his last card by calling out troops

As the Senegalese government daily put it, the two countries are "condemned to live together".

The cohabitation has not always been peaceful and there have been sporadic border incidents in the past. But this week's widespread violence – towns and villages throughout both countries were affected – was the worst yet.

It started on April 9 with the death of two Senegalese in the border village of Diawara in eastern Senegal. According to the Senegalese version, Mauritanian border guards opened fire on Senegalese peasants after an argument over grazing rights. Mauritania challenges this version, but the facts soon became obscured as tempers rose. Another incident quickly followed in the border town of Matam, this time leaving one Senegalese and one Mauritanian dead.

The fuse of the time bomb was thus exposed. Who, or what, finally lit it is unclear. There are a number of factors. Senegalese were angered for example by the Mauritanian Minister of the Interior, who on a visit to Dakar said the deaths of the two Senegalese at Diawara "should not be accorded more importance than necessary".

The Senegalese opposition newspapers may also take some of the blame for the escalation of events. Anything that is bad for the government is grist to their mill, and they carried a number of inflammatory statements. At a press conference on Monday which illustrated the depth of suspicion between the two communities, the Mauritanian ambassador – who is white – and Senegalese journalists – all dark – became involved in a shouting match with accusations of racism flying in both directions.

If racial tension was a big factor, it was not the only one. The serious economic crisis in both countries makes fertile ground for social unrest. In Senegal in particular, IMF-inspired structural adjustment programmes have led to severe cuts in government expenditure.

It is generally agreed that something had to be done about the internal and external deficits, but the cuts show the government cannot buy off political unrest. The number of people in both countries who have regular paid employment is very small and falling, as government jobs are trimmed. With a young and growing population, this leads to vast numbers of marginalised, unemployed youth who are ripe for exploitation, by government opponents or groups of more or less organised looters.

This week's violence was more criminal than political. But in Senegal in particular, the fragile political situation was a factor in its escalation. The Senegalese opposition leader continues to claim that he was cheated at last year's elections by government vote-rigging. Over the past 15 months, opposition rallies and demonstrations, some banned by the government, others a clear provocation by the opposition, have brought gendarmes and police on to the streets on numerous occasions.

The sights and sounds of violent protest have thus become banal: teargas grenades no longer frighten even little children, and dozens of arrests reported in the press no longer come as a shock to the Senegalese. To ensure security this week, President Abdou Diouf played his last card by putting troops on to the streets. It worked, because people still fear the army, but for how long?

In Mauritania, racial tension is a daily reality. The outbreak of violence there this week is not only against Senegalese but against low-caste Mauritanian blacks, and between white and black Moors.

Slavery was abolished in Mauritania only in 1980 and still exists in practice in various areas.

The Mauritanian government is dominated by the economically more powerful light-skinned people. There is a shadowy anti-government Black Liberation Army which occasionally distributes tracts from Dakar, to the anger of the Mauritanian government, even though the "army" may exist only in the imagination of the tract writers.

Although few of the participants in this week's mass vandalism and xenophobia would articulate their motives as political, their actions have succeeded in adding to the climate of political fragility in both Nouakchott and Dakar.

Lebanese group members sought over Paris bombs

A MAGISTRATE in Paris yesterday issued international arrest warrants for seven members of the Iranian-backed Hizbollah group in Lebanon for bombings in the French capital over two years ago, Reuter reports from Paris.

This means that French intelligence services believe they have identified and tracked down the key suspects after an intensive hunt. The wave of explosions in Paris killed 12 people and injured at least 250 in 1986.

The seven suspects are believed to be in Lebanon and the arrest warrants have little chance of being served there.

The magistrate's investigation of the bombings, and police leaks that Iran was suspected of involvement, led to the breaking of ties between Paris and Tehran in July 1987.

During the dispute, French police surrounded Iran's Paris embassy to try to force an official suspected of links with the bombings to leave the building and submit to questioning.

Iran took similar action against France's embassy in Tehran and the impasse was not broken until the last French hostages in Lebanon were freed. Diplomatic relations were restored in June 1988.

Swapo guerrillas 'withdrawing'

By **Anthony Robinson** in Cape Town

A SENIOR UN official yesterday said about 4,000 Swapo guerrillas had moved north of the Angolan 16th parallel, in the first indication that attempts to get the Namibian independence process back on track were succeeding.

Most appear to be insurgents who had remained in southern Angola and were not among the estimated 1,800 armed men who crossed the border into Namibia after the start of the independence process on April 1. Under international agreements, all Swapo forces were supposed to be over 100 miles from the border, beyond the 16th parallel, by that date.

Mr Marrack Goulding, a UN trouble-shooter, gave the figures in Windhoek as Angolan, Cuban and South African officials met Soviet and US observers in Cape Town to discuss implementation of the agreements, providing for Cuban withdrawal from Angola and independence for Namibia.

Security forces in northern Namibia were confined to barracks for 60 hours to allow the 1,000 Swapo guerrillas believed to be still in Namibia to return to Angola without harassment.

Military sources in Namibia said yesterday that the bodies of 13 more Swapo insurgents had been found by security forces during patrols before their confinement to base.

● Three members of the African National Congress were awarded mandatory death sentences by the circuit court in the small Transvaal country town of Delmas yesterday, after being found guilty of killing four people since 1978, Jim Jones reports from Johannesburg.

A fourth was sentenced to 25 years imprisonment for attempted murder.

The men refused to defend themselves throughout their trial, saying they were prisoners of war and should not be tried in a civilian court.

AMERICAN NEWS

Ottawa kills scheme to buy N-submarines

By Andrew Marshall

CANADA'S plan to buy a fleet of nuclear submarines for an estimated C$8bn (£3.95bn) sank without trace yesterday.

The controversial project was first officially revealed in an ambitious 1987 defence White Paper, the first in 16 years, which envisaged giving a fillip to Canada's armed forces. But, as the government's attempts to bring its budget deficit under control have foundered, economic realities have intruded.

Funding for the submarines had never been fully integrated to the defence budget, being contingent on a cabinet decision each year. So the project was hanging by a fiscal string – now cut.

Opponents of the project, at home and abroad, had been gunning for it since the day it was announced, because of the expenditure involved and because of the question of nuclear proliferation.

The reasoning behind Canada's decision to join the exclusive club of countries with nuclear submarines were always opaque. The government maintained that they would offer the country a much-needed operating capacity in three oceans – Pacific, Atlantic and Arctic.

Some boost for Canada's flagging defence budget was welcomed abroad.

But many of those who opposed the deal, including US officials, argued that the only objective was to assert Canada's claim to sovereignty over the North-western Passage – a claim disputed by the US.

Canadian feathers were greatly ruffled by an incident in 1985, when the US sent the icebreaker Polar Sea through thepassage without having sought Canadian permission. Nuclear submarines would have provided a more effective way to patrol the area.

The deal's demise is a big blow for Direction des Constructions Navales, the French shipbuilder, and Britain's VSEL Consortium, the two main groups which had competed to sell a design to Canada. Various Canadian companies also stood to make money by the construction contracts.

The question which the cancellation leaves unresolved is that over Canadian defence policy. The submarines were to be the keystone of the White Paper's emphasis on a broader North American role for Canada's forces. It remains to be seen whether the logic of the paper can be sustained without them.

Canadian budget greeted with relief

David Owen on reaction to financial measures less harsh than feared

CANADIAN Finance Minister Michael Wilson's fifth budget has to some extent fallen victim to raised expectations.

Canadians were led to expect an exceptionally tough budget package by a carefully co-ordinated series of pronouncements by Mr Wilson and other government officials in recent weeks. In the light of these warnings, the actual proposals – weighted as they are heavily towards tax increases rather than expenditure cuts – are milder than some had anticipated.

Markets were quick to register their displeasure. Having closed on Wednesday night in Toronto at 84.1 US cents, the Canadian dollar slumped to 83.54 cents by lunchtime in Tokyo. How much of this reaction was due to the budget itself and how much to the question mark which may hang over the hitherto steady-handed finance minister's future after the leaking of the budget, was hard to quantify.

Canadian markets responded with more equanimity, as did local economists. "I am a little disappointed by the magnitude of the deficit cuts, but when you put everything together, it is not a bad object," said Mr Carl Beigie of McLean McCarthy, the Toronto-based securities firm. "I think Mr Wilson is right to assume that interest rates today are at cyclically high levels," he added.

In its economic forecasts, the government projected that short-term interest rates, which currently stand at about 12.4 per cent for 90-day Treasury Bills, would average 12 per cent over the year as a whole. In last year's budget it had estimated the average rate for 1989 at just 7.8 per cent.

Real economic growth was forecast to slow to 3 per cent in 1989 and 1.7 per cent in 1990. Inflation and unemployment rates in 1989 are expected to reach 4.8 per cent and 8.2 per cent respectively.

Despite the stringency of Mr Wilson's proposed measures, which will trigger C$3.7bn in tax increases and C$1.5bn in spending cuts, the worrisome federal budget deficit is set to rise back above the psychologically important C$30bn level in 1989-90.

High interest rates have raised the cost of servicing the government's accumulated C$321bn debt beyond expectations. This, essentially, will more than offset the C$5.2bn of expenditure savings and increased revenues which the package is expected to generate. The deficit is forecast to fall back to C$28bn in 1990-91.

In terms of specific measures, Mr Wilson's experience and increasing political know-how are evident both in the way in which the pain has been spread as broadly as possible and in the structuring of certain sensitive proposals.

In advocating that high income individuals should partially repay, through the tax system, old age security and family allowance benefits, for example, Mr Wilson is taking a step towards targeting benefits to those most in need without undermining the cherished Canadian principle of universality.

One area where the budget is bolder than anticipated is unemployment insurance, where the government proposes to withdraw entirely from its current funding role commencing January 1 1990. The programme will thenceforth be financed entirely by employer and employee premiums.

The move, which follows proposals earlier this month to reallocate more money for retraining and to tighten rules governing qualifications for benefits, is expected to yield C$425m in savings in 1989-90, rising to a hefty C$1.9bn in 1990-91. In 1989, the government estimates that it will fund about C$2.9bn of the programme's overall C$12.6bn cost.

The proposed 9 per cent multi-stage sales tax rate is also towards the upper parameters of the range anticipated. The new tax will raise enough revenues to replace the antiquated existing manufacturers' sales levy, and to permit the implementation of several additional tax cuts and credits, targeted at middle and low income households. It will form the second phase of the government's tax reform.

Defence spending - currently around C$11bn per annum will continue to rise for the foreseeable future, but at a slower rate. Despite the decision not to proceed with the acquisition of nuclear-propelled submarines the government insists that the basis objectives of its 1987 White Paper remain intact.

The budget had surprisingly little of substance to impart on the subject of agriculture, where government expenditure has soared from C$3.2bn in 1984-85 to C$5.8bn in 1987-88.

Budget papers merely noted that the type of ad hoc special measures which have contributed largely to increased expenditures are not "satisfactory as a policy framework over an extended period." The government pledged in the 1990s to foster an increasingly self-reliant agricultural sector in a "stable and predictable policy environment." All current policies and programmes are to be reassessed over coming months.

Other expenditure cuts will include a progressive paring down of subsidies for the country's passenger rail service and a reduction in the annual appropriation earmarked for the Canadian Broadcasting Corporation.

The proposed construction of a new prison in Newfoundland will also be delayed. Earlier this month the province elected a majority Liberal government, relegating the Conservative to the status of official opposition for the first time in 17 years.

CANADA'S BUDGET (C$bn)

	1988-89†	1989-90‡	1990-91‡
Budgetary expenditures:			
Programme expenditures	100.0	103.5	109.0
Debt charges	33.0	39.4	39.8
Total Expenditures	133.0	142.9	148.8
Budgetary revenues	104.1	112.4	120.8
Deficit	28.9	30.5	28.0
Percentage of GDP (%)	4.8	4.7	4.1
Non-budgetary transactions	6.9	10.0	10.4
Financial requirement	22.0	20.5	17.7
Percentage of GDP	3.7	3.2	2.6
Net Public debt	321.1	351.6	379.6
Percentage of GDP (%)	53.6	54.5	56.3

† Estimate ‡ Forecast

Source: Canadian government

Pinochet reshuffle quashed

CHILE'S military government yesterday moved to quash reports of a cabinet crisis, saying only minor changes would be made. Earlier President Augusto Pinochet had called for the resignation of his ministerial team, Reuter reports from Santiago.

There had been reports that Mr Carlos Caceres, the Interior Minister, who heads the cabinet, had sparked a crisis after Gen Pinochet had rejected proposals for reforming the military's controversial political constitution.

But the government announced yesterday that Mr Caceres had been confirmed in his post and that there would be only two minor changes in the 18-man ministerial team.

"President Augusto Pinochet accepted only the resignations of the ministers of education and mining," the government's information service.

The announcement followed a meeting on Thursday morning between Gen Pinochet and his fellow armed forces' chiefs who sit on the military junta, the country's legislature. There was no immediate statement on what was discussed.

Government sources, whose information was echoed by local press reports, said on Wednesday that Mr Caceres would be replaced, along with Mr Hernan Felipe Errazuriz, the influential Foreign Minister, Mr Pablo Baraona, Economy Minister and Mr Juan Antonio Guzman, Education Minister.

The reports said Mr Caceres had proposed making concessions to opposition and conservative parties which are demanding sweeping changes to the constitution to reduce the military's future political role.

The pressure for political reform emerged following Gen Pinochet's defeat in last year's presidential plebiscite which forced him to call elections for next December.

The opposition says the constitution, which comes into full force next March when Gen Pinochet hands over the presidency, leaves too much power in military hands and is undemocratic.

Announcing the cabinet reshuffle on Wednesday night, a government spokesman said Gen Pinochet had demanded the resignations "so as to have a free hand to evaluate the political situation."

In the face of mounting calls for changes, Gen Pinochet had authorised Mr Caceres to hold talks with opposition and conservatives parties with a view towards reaching a consensus.

Any changes agreed would be put to a plebiscite to be called before the end of June.

Government sources said Mr Caceres proposals had gone too far towards meeting the demands of the political parties which would have stripped the military of much of its influence.

Gen Pinochet, who toppled the leftist government of Mr Salvador Allende in 1973, sees the constitution as a guarantee against a return to the political and economic chaos which marked the last days of the Allende government.

Argentina plans new economic measures

By Gary Mead in Buenos Aires

MR Juan Carlos Pugliese, Argentina's Minister of Economy, says he plans to introduce new measures to tackle the current crisis of confidence.

Following a late-night emergency meeting on Wednesday between Mr Pugliese, President Raúl Alfonsín and representatives of government and business, Mr Pugliese said new measures would be taken to try to stabilise the economy "as soon as possible, probably before the elections" scheduled for May 14. "There still is no plan, but we are working on some measures," he said.

No one at the meeting specified what new action is under consideration, but Argentina is facing a group of economic problems which threaten to coincide and erupt before the presidential election of May 14.

In recent weeks a collapse of confidence in the austral has led to fierce demand for foreign currency, though there was a slight improvement yesterday, as the currency recovered from its lows this week of more than 100 australs for $1 to 70 australs.

Mr Pugliese is under pressure to drop the so-called "reference dollar", introduced by the government ten days ago and fixed at 36 australs. Far below the free-floating rate, the "reference dollar" is used as a form of taxation on exporters, who receive 36 australs for every US dollar earned. Many have refused to conduct business rather than receive substantially less earnings.

Mr Pugliese is also facing a worsening treasury deficit crisis. According to independent estimates, in April the government will be able to cover only 40 per cent of its normal expenditure. The fiscal deficit for 1989 is now believed to be running at $8.7bn, more than 12 per cent of the formal economy's gross domestic product.

Failure to control the fiscal deficit has left Argentina without an agreement with the International Monetary Fund and at the beginning of March led to the suspension of a World Bank loan of $350m.

Carter to monitor Panama poll

By Lionel Barber in Washington

MR Jimmy Carter, the former US President, is to head a team of international observers to monitor the presidential elections in Panama on May 7.

The elections are turning into a test of strength for General Manuel Noriega, the country's military ruler who faces opposition and Bush administration charges of ballot-rigging and fraud to ensure the victory of his candidate.

President Carter's visit is symbolically important because he and the former Panamanian military leader General Omar Torrijos signed the 1977 Panama Canal Treaties which yield US sovereignty over the canal to Panama by the end of the century. Widely respected in Panama and Latin America, Mr Carter's judgment on the fairness of the election will be eagerly awaited.

The Bush administration is drawing up plans aimed at removing General Noriega – if, as widely expected, the results are fraudulent.

Bipartisan efforts to cut US budget under threat

By Peter Riddell, US Editor in Washington

BIPARTISAN attempts to hold down US federal spending are being threatened by major divisions on spending priorities between Congressional Democrats and Republicans.

The problems in implementing the recent outline agreement on the fiscal 1990 Budget were underlined on Wednesday when a proposal by the Democratic Congressional leadership to contain supplementary spending for the current 1989 fiscal year within previously agreed totals was rejected by the House of Representatives.

The defeat was on a plan to finance $4.7bn in emergency programmes and discretionary spending on the homeless and fighting drugs by an across-the-board £1.5bn off defence within the next five months aroused the anger of Republicans and conservetive Democrats, while some liberal Democrats objected to cuts in social provision.

Congressman Bill Gray, a senior Democrat and former chairman of the House Budget Committee, said the vote showed that the Reagan-era stalemate over priorities was continuing. The Republicans, he said, were still not prepared to compromise on defence, while the Democrats were still clinging to "parochial" concerns about "my favourite project, my programme."

The 1989 proposals are now being redrafted, but the same pressures may recur over the next few weeks in the detailed consideration of the 1990 Budget which was yesterday in process of ratification by the House Budget committee, after similar action in the Senate last week.

Some liberal Democrats have warned that they will ally with Republicans, against their own leadership, to oppose the Midgetman truck-based missile system, for which the administration is proposing limited development funding. They argue that it would be mistaken to develop two systems and better to concentrate on one, even if it is the 10-warhead rail-based MX which they have previously opposed.

WORLD TRADE NEWS

EC opposes talks with US on 'unfair practices'

By Peter Montagnon, World Trade Editor

THE EUROPEAN Community "is not prepared to collaborate with the US in the implementation of its trade legislation" by negotiating bilaterally on so-called unfair trade practices, Mr Frans Andriessen, EC External Affairs Commissioner, said in London yesterday.

Trade issues such as those raised by the US trade bill should be negotiated in the multilateral framework of the General Agreement on Tariffs and Trade, he said in an interview.

Under the terms of last year's trade bill, the US has already singled out the EC for priority attention because of what it alleges are unfair trade practices in the telecommunications sector. Mr Andriessen said he did not yet know whether this meant the Community would be targetted for action when Washington draws up a formal list of unfair trading countries at the end of next month.

Andriessen: No collaboration

However, he said the principle was wrong that bilateral negotiation should begin when one country was reserving the right to impose trade sanctions in the event of an unsatisfactory outcome. The EC was prepared to explain its policies but not negotiate.

"I hope we will be able to convince the US that, at the moment we are undertaking deregulation in telecommunications, it's wrong to single out telecommunications as a priority," he said.

He acknowledged that the Bush administration was under strong pressure from Congress which is considering the legislation. The special targetting of countries under the new trade bill could damage the environment in which the broader multilateral Uruguay Round of trade liberalisation talks was taking place, he said.

The recently completed mid-term review of the round had confirmed the world commitment to farm reform set out in the original Punta del Este declaration and ensured an irreversible commitment to the inclusion of new areas such as services, investment and intellectual property to the Gatt. However, there were now only 20 months for detailed negotiation. "That means we have to work very rapidly and very intensely," he said.

Commenting on bilateral disputes under way in the Gatt, Mr Andriessen said he hoped it would prove possible soon for the EC and the US to establish dispute panels covering both the US complaint against the EC on soya bean imports and the EC's complaint against the US about the way it implements the waiver exempting it from its farm trade from Gatt rules. Both sides have resolutely blocked panels on these areas so far.

However, he said the EC was still not satisfied with efforts by Japan to comply with the Gatt panel finding last year which outlawed its price monitoring system for semiconductors under its bilateral agreement with the US. Japan had announced a new monitoring system but this was not satisfactory and further negotiation would be required, he said.

Separately, Mr Andriessen said the European Commission would table proposals "within the next few weeks" for the treatment of Japanese cars after the EC single market has been launched in 1992.

Draft proposals were now being prepared. He could not yet say whether they would recommend a Community-wide quota to supersede national quotas. Mr Martin Bangemann, EC Commissioner for the industrial aspects of the single market, has come out against such a quota.

Mr Andriessen, also yesterday, told a Financial Times electronics conference in London that the EC was determined that the new Gatt procurement code for areas such as telecommunication, water, transport and energy should be comprehensive, applied to publicly-owned entities and to private entities subject to a licensed monopoly or other government regulation, he added.

That meant it was all the less needful for the US to target the EC for its telecommunications practices.

Nissan leads Japan's 'transplant' operation

By Kevin Done, Motor Industry Correspondent, in Tokyo

THE INK was barely dry on the landmark agreement last week between Toyota and the UK Government for a £700m car assembly plant, to be built near Derby, before Nissan, Toyota's Japanese arch rival, signalled that it planned to raise the stakes yet again in the battle for the European car and commercial vehicles market in the 1990s.

The surge into what is called transplant production outside Japan may have begun largely as a way to circumvent import quotas or "voluntary export restraints" imposed by the US and some European Governments, and as a way to move closer to the market place, However, it is now being driven by the economic imperative of countering the rapid appreciation of the yen.

The rapid rise in the value of the Japanese currency has called into question the future profitability of direct vehicle exports from Japan and has added fresh urgency to Japanese vehicle makers' efforts both to establish overseas assembly and to move to significant levels of local content more quickly than first reckoned.

The appreciation of the yen has forced Japanese makers to concentrate much greater attention on developing the domestic Japanese market, where growth is needed to compensate for the weakening in direct exports. At the same time, export strategies are increasingly being switched towards quality rather than quantity.

In future, the higher value models will be exported from Japan, while volume models for the lower segments of the European and North American markets will increasingly be produced there.

Honda, Japan's third largest car maker, has grabbed the lead in North America with the development of plants in both the US and Canada for producing 610,000 cars a year by 1992, in western Europe, but it is Nissan that holds the initiative.

Last week Toyota, Japan's biggest vehicle producer, made its play in Europe at last. Mr Shoichiro Toyoda, Toyota president, announced that the group is to spend £700m to build its first European car assembly plant.

By the time the first Toyota rolls off the Derby assembly line in 1992, the rival Nissan plant at Sunderland in north-east England should be approaching its planned capacity of 200,000 cars a year.

According to the outline strategy disclosed here yesterday by Mr Yutaka Kume, Nissan president, the company is set to steal a further march in Europe on its rival by doubling its European car production capacity to 400,000 cars a year by the late 1990s.

Nissan has been by tradition the leading Japanese car group in Europe. Last year it sold an estimated 382,000 cars in western Europe, claiming a car market share of 2.9 per cent compared with the 2.7 per cent (sales of 350,000) captured by Toyota.

It is clear that Nissan and Toyota are working hard to establish their European production bases. Both are prepared to enter joint ventures with traditional European producers if this serves the cause.

Nissan has indicated that it expects to have finalised an agreement with Ford for the joint development of a new vehicle in Europe – a four-wheel-drive multi-purpose vehicle – that would bring Nissan into a market segment for leisure/utility vehicles below the segment in which it is represented by the larger, more rugged Nissan Patrol.

For its part, Toyota saw first production in January in Europe of its HiLux one-tonne pickup, via a licensing deal with Volkswagen for production at VW's Hanover plant.

But Toyota is trailing Nissan, which has an established operation in Spain, its 71 per cent-owned Nissan Motor Ibérica. Output there reached 80,000 units last year, and Nissan is investing about £450m over the next four years to modernise the facility.

OECD long term credits rise 45%

By Peter Montagnon, World Trade Editor

LONG-TERM export credits granted by members of the Organisation for Economic Co-operation and Development rose by 45 per cent last year to a preliminary SDR9.2bn ($12bn), the first increase recorded since the debt crisis broke in 1982.

According to figures released this week by the OECD, last year's total was still only half the peak SDR18.2bn level of credit extended by its members in 1982. The OECD said, however, that it was too early to tell whether last year's rise constituted a new trend.

Almost half of the credits extended last year went to countries classified as relatively poor. Of the total, 28 per cent received only guarantees or insurance, 17 per cent benefited from interest rate subsidies, and 54 per cent were direct credits.

Montserrat option

THE government on the Caribbean island of Montserrat has granted an option to build a $300m holiday village and yachting marina to Davon Holdings, a privately-owned British developer, reports Andrew Taylor. Davon said it was considering offers of finance from the UK and US.

Iraq seeks foreign aid for weapons industry

By Andrew Gowers, Middle East Editor

IRAQ will launch today – at an international military production fair in Baghdad – a big drive to attract foreign, especially Western, assistance in upgrading its rapidly-growing arms industry.

Scores of foreign companies, including more than 20 from Iraq's main European ally France and about 15 from Britain, will be on hand to inspect a sample of items the Iraqi weapons industry claims to produce or assemble, including small arms ammunition, tanks and modified medium-range missiles.

The aim of the exhibition, according to Western military officials in Baghdad, is to put Iraqi officials in contact with companies that might provide technology and finance for military joint ventures, as well as to advertise existing Iraqi capabilities for possible export markets in the Arab world.

Iraq decided to build its own arms industry early in the eight-year war with Iran. It is anxious to diversify further from its present dependence on Soviet weaponry, and to move up-market. In both aims, the Iraqis see the assistance of Western, and of some Third World countries such as Brazil, as crucial.

Given the Baghdad regime's habitual secrecy, it is impossible to be certain of its military production capabilities. At a previous arms fair last autumn, the Iraqis claimed to have produced their own missiles with ranges of 650 km and 950 km; in fact, these were probably modified Soviet Scud-Bs.

Western officials say the existing industry predominantly consists of low-technology assembly and small-scale manufacturing operations. Apart from small arms and ammunition, these are believed to include an assembly plant for Soviet T54, T55, T62 and T72 tanks; a Yugoslav-built factory making artillery guns; and a plant to modify Swiss-built Pilatus trainer aircraft.

Considerable doubt surrounds Iraq's ability to fund its ambitions in view of its $65bn-plus debts.

The involvement of British companies amounts to the biggest sales pitch by the UK arms industry in Iraq to date. Officials in London were anxious to stress that the companies are going to Baghdad on their own behalf, not with Government sponsorship, and that their presence implies no relaxation of the export controls on lethal equipment which were in force during the Gulf war.

UK high-tech sale worries US

By Nancy Dunne, in Washington

DISCUSSIONS between US and British officials are underway over American concerns that an export licence granted by the British Government for a high technology sale by Simon-Carves of Stockport, north-west England, would violate restrictions imposed by the Paris-based Co-ordinating Committee for Multilateral Export Controls.

The sale, part of a $450m deal between Moscow and Simon-Carves, a construction firm, would result in the transfer of programmable industrial processors – precision controllers used in assembly-line production – for a factory being built in Yerevan, Armenia.

Mr Michael Price, a spokesman for the British Embassy, said the UK Government has taken the position that the equipment is not covered by the Cocom list of strategic items to be controlled.

Conservatives in the US are concerned that the sale will establish a precedent for bypassing Cocom on strategically significant technology.

Although the Bush Administration reportedly disagrees with the UK, it has yet to make public its concerns. Mr Frank Gaffney, a Pentagon official in the Reagan Administration, said many Bush officials view British approval of the export license as "an institutional assault on Cocom."

The "ruggedised" printed circuit boards, which the Yerevan factory will produce, have important military applications, he said.

The Bush Administration has been under intense pressure by US industry and many members of Congress to ease export controls on all but the most sensitive equipment. It has been gradually liberalising some export control rules but has yet to publicly alter its policy towards Cocom.

According to Mr Gaffney, Bush officials are inclining towards an easing of the Cocom's "no exceptions policy".

World chip sales expected to rise 14.4% this year

By Louise Kehoe in San Francisco

WORLDWIDE semiconductor sales are projected to grow to $51.5bn – up 14.4 per cent – this year, but to decline slightly in 1990, according to data released yesterday by World Semiconductor Trade Statistics, a reporting programme whose participants include US, European and Japanese chip makers.

The forecast suggests that the industry will make a "soft landing" in 1990, rather than head for a deep recession as some industry analysts had feared. Growth projections for this year have been raised and the projected 1990 downturn will be more moderate than previously expected, the trade group said.

The anticipated decline is likely to intensify trade friction over semiconductors, however, since it will coincide with the final year of the US-Japanese semiconductor trade agreement on market access and dumping, as well as with an anticipated build-up of new US- and Japanese-owned semiconductor plants in Europe before the advent of the EC single market in 1992.

Forecasters anticipate greater volatility in the memory chip sector.

International Pirelli N.V. the (the "Company")
US$ 75,000,000 3¼ per cent. Guaranteed Notes Due 1993

Pursuant to Condition 14 of the Terms and Conditions (the "Conditions") governing the Notes. notice is hereby given to the Noteholders that on 20th October. 1988 the Company, Société Internationale Pirelli S.A. and The Law Debenture Trust Corporation p.l.c. (the "Trustee") entered into a First Supplemental Trust Deed containing certain modifications to the Conditions of the Notes and to the Trust Deed dated 13th November, 1986 to reflect the recent reorganisation of the Pirelli Group and which the Trustee considers are not materially prejudicial to the interests of the Noteholders.
A copy of the First Supplemental Trust Deed is available for inspection at the principal office for the time being of the Trustee (presently at Princes House. 95 Gresham Street, London EC2V 7LY, England).

Pirelli Financial Services Company N.V. (the "Company")
US$ 50,000,000 Guaranteed 7 per cent. Convertible Bonds Due 1995

Pursuant to Condition 19 of the Terms and Conditions (the "Conditions") governing the Bonds, notice is hereby given to the Bondholders that on 21st October. 1988 the Company, Pirelli Société Générale S.A. Société Internationale Pirelli S.A. and The Law Debenture Trust Corporation p.l.c. (the "Trustee") entered into a Second Supplemental Trust Deed containing certain modifications to the Conditions of the Bonds and to the Trust Deed dated 5th August, 1985 (as amended by the First Supplemental Trust Deed dated 24th February, 1988 made between the same parties) to reflect the recent reorganisation of the Pirelli Group and which the Trustee considers are not materially prejudicial to the interests of the Bondholders.
A copy of the Second Supplemental Trust Deed is available for inspection at the principal office for the time being of the Trustee (presently at Princes House, 95 Gresham Street, London EC2V 7LY, England).

Pirelli UK International Finance B.V. (the "Company")
£40,000,000 Guaranteed 7½ per cent. Convertible Bonds Due 2000

Pursuant to Condition 17 of the Terms and Conditions (the "Conditions") governing the Bonds. notice is hereby given to the Bondholders that on 31st January, 1989 the Company, Pirelli UK p.l.c., Pirelli General p.l.c., Pirelli Limited Pirelli Construction Company Ltd., Materials Purchasing Limited, Pirelli S.p.A., Société Internationale Pirelli S.A. and The Law Debenture Trust Corporation p.l.c. (the "Trustee") entered into a Supplemental Trust Deed containing certain modifications to the Conditions of the Bonds and to the Trust Deed dated 5th August, 1985 to reflect the recent reorganisation of the Pirelli Group and which the Trustee considers are not materially prejudicial to the interests of the Bondholders.
A copy of the Supplemental Trust Deed is available for inspection at the principal office for the time being of the Trustee (presently at Princes House, 95 Gresham Street. London EC2V 7LY, England).

Pirelli UK International Finance B.V. (the "Company")
£50,000,000 10 per cent. Guaranteed Notes Due 1992

Pursuant to Condition 15 of the Terms and Conditions (the "Conditions") governing the Notes, notice is hereby given to the Noteholders that on 31st January, 1989 the Company, Pirelli UK p.l.c., Pirelli General p.l.c., Pirelli Limited, Pirelli Construction Company Limited, Materials Purchasing Limited and The Law Debenture Trust Corporation p.l.c. (the "Trustee") entered into a First Supplemental Trust Deed containing certain modifications to the Conditions of the Notes and to the Trust Deed dated 9th April, 1987 to reflect the recent reorganisation of the Pirelli Group and which the Trustee considers are not materially prejudicial to the interests of the Noteholders.
A copy of the First Supplemental Trust Deed is available for inspection at the principal office for the time being of the Trustee (presently at Princes House. 95 Gresham Street, London EC2V 7LY, England).

UK NEWS

Former Guinness chief's lawyers pull out of case

By Raymond Hughes, Law Courts Correspondent

SOLICITORS representing Mr Ernest Saunders, the former chairman and chief executive of Guinness, the drinks and entertainment group, who faces criminal charges arising out of the takeover of Distillers, the whisky group, yesterday withdrew from the case.

At a pre-trial hearing at Southwark Crown Court in London, Mr Saunders' counsel, Mr Richard Ferguson, barrister, said that the solicitors, Landau and Landau, felt they had "no option" but to withdraw at once because of "strictures" against them by the judge, Mr Justice Henry, during yesterday's proceedings.

Last week the firm had told Mr Saunders that, unless it could negotiate adequate remuneration from the criminal legal aid authorities, it might have to stop representing him.

Yesterday Mr Justice Henry asked why the solicitors had only now raised the matter when Mr Saunders had been granted legal aid last December. The judge also queried the amount of work the firm had done so far in preparing Mr Saunders' defence.

Mr Ferguson said the solicitors "deeply resented" and were "extremely upset and distressed" by the judge's remarks. The "economic reality", Mr Ferguson said, was that if the firm continued to work at the legal aid rates at present offered "they would go bankrupt."

The matter arose after Mr Saunders and five of his co-accused had pleaded not guilty to all the charges against them on the 65-count indictment, which includes allegations of theft, false accounting and conspiracy to defraud.

Mr Saunders faces 49 charges, Mr Roger Seelig, the former Morgan Grenfell corporate finance director, 20, Mr Anthony Parnes, a former stockbroker, 14, Sir Jack Lyons, the millionaire financier, 13, Lord Spens, former director of corporate finance at the Henry Ansbacher merchant bank, faces five charges, and Mr David Mayhew, senior corporate finance partner of stockbroker Cazenove & Co, faces four.

The seventh defendant, Mr Gerald Ronson, chairman of the Heron Corporation, had been excused from attending court yesterday because he had a business commitment.

His counsel, Mr Michael Sherrard, barrister, told the judge that when Mr Ronson came to court today he would plead not guilty to the 11 charges he faces.

Later yesterday, Mr Norman Turner, the partner in Landau and Landau who has been handling Mr Saunders' defence, said he rejected Mr Justice Henry's suggestion that "we have not been industrious on our client's behalf."

He said they had worked for nothing for 11 months before Mr Saunders had been granted legal aid.

"We are bound to provide the quality of defence necessary to ensure a fair trial for Mr Saunders, but to operate on the (legal aid) rates indicated on this unique case could place us in potential bankruptcy," Mr Turner said.

Mr Saunders said later that he regretted that Mr Turner would no longer be working on his case. "He has done such unstintingly devoted work for me in the past two years."

Under the criminal legal aid regulations standard fees are paid to solicitors. The rate for a senior solicitor, such as Mr Turner, is £45 per hour for case preparation.

An "uplift" can be added, at the discretion of the legal aid authorities, to take account of the complexity of the case and the amount of work involved. However, solicitors do not know the amount of the uplift until they present their bill after the trial.

Yesterday Mr Justice Henry said that the authorities had indicated that Mr Turner's rate would be not less than £100 per hour.

Mr Ferguson said that was only the "anticipated" figure.

The judge said he wanted to know if the firm was continuing – "because my belief is that there will be no shortage of competent and experienced solicitors to take on this case, even at this juncture."

Also he would want to know why Landau and Landau had accepted a legal aid retainer if it was not prepared, or could not afford, to work at legal aid rates. He asked that if the answer to that was ignorance of the rates, why had that not been found out in December so that the present position could have been reached at the turn of the year.

Mr Ferguson, who several times protested at the judge's remarks, said the firm should have time to prepare its answers "and to satisfy you and the public at large that they have taken every proper step they could have taken for the defence of Mr Saunders."

Canadians torpedo the UK's submarine builders

Lynton McLain sees VSEL put on a brave face

NUCLEAR submarines remain among the most expensive and least exportable warships, as Britain's VSEL Consortium discovered yesterday when Canada decided it did not, after all, want to spend £3bn or more to join the club of nations operating such vessels.

The US, Soviet Union, China, Britain and France make and operate nuclear-powered submarines, but although China has used Soviet technology, none of them has yet exported a nuclear submarine.

Canada's announcement last year that it was interested by buying between 10 and 12 submarines thus generated considerable interest and a contest developed to supply the vessels between Europe's only two nuclear submarine makers, VSEL Consortium and Direction des Constructions Navales, the French shipbuilders.

The vessels were to have been nuclear-powered hunter-killer submarines, which carry torpedoes for sinking other ships and submarines, rather than nuclear ballistic missiles as part of a nuclear deterrent. However, the Canadian decision has dashed the hopes of the Barrow-based VSEL and the French state-owned company. VSEL shares fell sharply in London yesterday when news broke that the potential contract had been called off.

Other large defence groups in Britain will also lose potential sales after the Canadian decision. These include Rolls-Royce, which makes the nuclear reactors for the submarines, GEC, which makes the turbine generators, Ferranti, Plessey, and Strachan Henshaw, the specialist Bristol-based maker of torpedo tube equipment.

VSEL, the former Vickers Shipbuilding and Engineering company, offered its Trafalgar class nuclear-powered hunter-killer submarines, which are in service only with the Royal Navy. Direction des Constructions Navales offered the Rubis-Améthyste submarines, in service only with the French navy.

The UK group said yesterday that it was disappointed with the Canadian decision, but it sought to play down its significance. "The impact on the company will not be all that major, because we had not written the Canadian order into any of our future profit forecasts or budgets," VSEL said. "We were not banking on it."

VSEL is Britain's only submarine maker and the Government is content to deal with a monopoly supplier, contrary to its declared policy of competitive tendering for Ministry of Defence orders. That has left VSEL with all the outstanding orders for submarines for the Royal Navy.

Although VSEL says it has orders worth £2bn on its books, it is only working on four submarines, two of which are nearly finished. Had VSEL won the Canadian order, its orders would have leapt to £4.25bn, taking into account submarines leaving the order book on completion.

The Barrow yard is working on the last two Trafalgar submarines for the Royal Navy, HMS Talent and Triumph, but HMS Triumph will be the last of the Trafalgar class submarines.

Barrow is also building the first two Trident nuclear-powered ballistic-missile-carrying submarines for the Royal Navy, HMS Vanguard and Victorious, along with the first Upholder class conventional diesel-electric submarine, HMS Upholder.

VSEL also owns the Cammell Laird shipyard at Birkenhead, near Liverpool, where a further three Upholder class submarines are to be built.

Those orders, and the last two Trident submarines, are all the work that VSEL has to keep its yards producing income from warships. It expects the third Trident submarine order to be placed later this year and the fourth, and last, to be ordered possibly next year.

With the Canadian order having fallen through, VSEL faces at least an gap of eight-years in orders for the hunter-killer submarines. This vessel has sustained work at the Barrow yard since the last order for a Trafalgar class submarine was placed in January 1986.

Lyonnaise des Eaux wins first refuse disposal deal in UK

By Andrew Hill

LYONNAISE des Eaux, the large French water supplier, has won its first local authority contract in the UK, bringing another aspect of its overseas development strategy into the limelight.

Sitaclean Technology, which is part of Lyonnaise's 65 per cent-owned subsidiary Sita, has won a five-year contract for refuse collection from Erewash Borough Council, Derbyshire, in the English Midlands, although the deal has not yet been signed.

Lyonnaise is best known in the UK for its recent forays into the British private water sector. Since last summer the group has bought four statutory water companies, competing for a share of the sector with two other large French water suppliers.

In February, Lyonnaise said it intended to use its interests in the water companies as a springboard to compete for local authority service contracts. But Sita, which operates autonomously and is responsible for street-cleaning in central Paris, was already tendering for such work through Sitaclean.

The Egham-based subsidiary has now submitted tenders for about 30 contracts, in street-cleaning and refuse collection, and is working on tenders for 15 or 20 others.

The £886,000 tender to collect the dustbins of 106,000 people living in and around Ilkeston in Derbyshire beat three other offers and undercut the next lowest offer, from Erewash council's own direct labour organisation, by £133,000.

Mr Sam Matthews, Erewash's director of technical services, said that the council had been reassured by Sitaclean's French connections.

"There are companies in this field that are starting off with no track record and its crucial to have the best possible financial backing," he said yesterday.

Lyonnaise's arch-rival, Compagnie Générale des Eaux, which controls four British water companies, is also tendering for local authority work through an Anglo-French joint venture.

British Airways threatened with Brussels bid referral

BRITISH Midland Airways is to refer any bid by British Airways for Sabena, the Belgian national airline, to the European Commission, Mr Michael Bishop, the chairman of BMA said yesterday, Lynton McLain writes.

British Airways has refused to confirm or deny that it is in talks with Sabena, but the Belgian airline is seeking a partner and has had unproductive negotiations with Scandinavian Airlines System (SAS), TWA, American Airlines, Luxair, Air France, Lufthansa and KLM.

SAS bought a 24.9 per cent share of Airlines of Britain Holdings, the British Midland Airways parent company, last year and Mr Lars Bergvall, the chief operating officer of SAS, joined the board of Airlines of Britain as a non-executive director.

Mr Bishop said yesterday that the chairman of SAS recently had written to the chairman of Sabena calling for the two airlines to reopen talks about a possible partnership. British Midland Airways would be a party to these talks, Mr Bishop said.

A subsidiary of Airlines of Britain, London City Airways already has a partnership agreement with Sabena on flights from London City Airport to Brussels.

Airlines of Britain would seek a referral of any bid by British Airways for Sabena through the transport commissioner at the European Commission. Mr Bishop said he was concerned that a link between BA and Sabena would give British Airways five major hub bases in Europe, at Manchester, Birmingham, Heathrow, Gatwick and Brussels.

Airlines of Britain Holdings yesterday reported a pre-tax profit of £11.1m for the year to the end of last December on a turnover of £183.6m.

Newspaper takeover is blocked

By Raymond Snoddy

THOMPSON Regional Newspapers, publishers of the Belfast Telegraph, is considering launching a new morning newspaper in Northern Ireland after the decision yesterday by the Department of Trade and Industry to block Thompson's bid for Century Newspapers.

Century is the publisher of the Belfast News Letter, the oldest morning newspaper in the UK.

The News Letter has been in the hands of the owning Henderson family for 193 years. The company also publishes the Sunday News and two local free newspapers.

The Monopolies and Mergers Commission decided unanimously that the sale would be against the public interest because it would increase Thomson's share of the regional daily newspaper market from 63 to 81 per cent.

The Commission also argued that the sale would adversely affect the present balance of expression of political opinion in Northern Ireland.

UK NEWS

North Sea mishaps heighten concern over offshore management

Stephen Butler asks whether something may be wrong with the way that Britain's oil and gas production is handled

UNTIL just a few months ago – even after the Piper Alpha disaster which killed 167 men last summer – the UK oil industry was able to say in confidence that it had a good record for safety and maintenance. The record had been marred by a dreadful accident and occasional equipment failure, but these were seen in the industry mainly as regrettable abberations that reminded of the inherent dangers of working offshore and need for continued vigilance.

Now, nearly nine months after the terrible explosion on Piper Alpha that rocked the oil industry, a series of accidents and equipment failures that has cut UK oil production by more than 30 per cent has raised increasing concern that something may be fundamentally wrong with the way North Sea oil and gas production is managed.

These concerns are amplified because most of the incidents – particularly those that have seriously affected production – have struck Shell Exploration and Production, the 50-50 joint venture between Shell and Esso that is widely regarded as one of the best operators in the North Sea, the most professionally managed and the most thorough on safety.

The list of mishaps over the past year has grown alarmingly long:

July 5: Shell's Brent Alpha platform was shut down after a gas explosion. Despite a close call, there were no injuries.

July 6: A massive explosion destroyed the Occidental Petroleum's Piper Alpha platform, killing 167, after a leak from a gas condensate pump which, unknown to the control room, was under repair. Ten per cent of UK oil production was knocked out.

September 22: One man died and the Ocean Odyssey drilling rig was destroyed after operator Atlantic Richfield experienced a blowout during high pressure drilling.

October 4: A serious gas leak occurred on Chevron's Ninian platform when a pipe broke during maintenance. Production was shut down and staff called to muster stations.

December 24: The offshore loading vessel for the Shell-operated Fulmar field broke loose from its mooring causing production to halt there at at neighbouring fields, Auk and Clyde.

January 1: The bursting of a gas vessel on Shell's Brent Alpha caused damage to pipes and wiring and forced the platform to close down. No injuries were reported.

April 18: A big gas explosion at Shell's Cormorant Alpha platform forced shutdown of the Brent pipeline system, which was handling 472,000 barrels a day of crude. The leak occurred during installation of a safety valve, and the explosion occurred after the area had been evacuated.

April 26: The Shell-operated St Fergus gas plant was closed after routine inspection revealed potentially serious equipment problems. About 7 per cent of UK gas supply was affected.

This is bewildering rag-bag of incidents that offers little in the way of a common thread of causes. In some cases the accidents appear clearly to result from faulty work procedure; while in others critical equipment gave out.

The public inquiry in Aberdeen into the causes of the Piper Alpha disaster has touched on both these factors as possible contributors to the world's worst offshore disaster. Survivors of the blast have levelled some strong accusations that the work permit system on the platform – the key system that keeps the control room aware of possibly dangerous maintenance work around the platform – was in shambles.

Occidental has yet to present fully its side of the story, and it is unclear whether any possible problems lay in the work permit system itself or how it was operated. Yet something was badly wrong if the conclusions of the technical investigation into the accident are correct, that the initial gas leak occurred when control room operators attempted to restart a gas condensate pump while unaware that a safety valve had been removed for maintenance.

Since the Piper Alpha disaster string of accusations has emerged from unions that keeping North Sea production going has taken precedence over careful safety procedures. Workers complain that they might face reprisals by raising safety issues that could slow down work, or affect production. These claims have now become too persistent to ignore and are one factor behind the Government's decision to support the establishment of statutory safety committees.

The claims that workers who report safety problems face reprisals are dismissed out of hand by oil company executives, and there is certainly no evidence that companies adopt any such measures as a matter of policy.

However, some managers in the oil companies admit that the tough economic atmosphere in the offshore industry may have affected safety procedures as an unintended by-product. Sub-contractors, who perform much of the work on offshore platforms, have struggled to stay in business since the oil price collapse of 1986 by under-bidding each other on jobs, and there is no bonus in the oil business for completing a job behind schedule and over budget.

There is reason to believe that strict attitudes about safety at top level management are not making their way all the way down the hierarchy in every case and that the temptation by operations managers to take short cuts could be irresistible. Mr Peter Everett, Shell UK managing director for exploration and production, said yesterday the company believed its string of troubles was caused almost entirely by failure to follow procedures, for which management was responsible.

There have been bitter complaints in the past year about low wages paid to contract workers doing roughly the same work as company employees, and it is difficult to believe that a low morale would not affect safety, which all experts agree depends critically on worker motivation and attitudes. Mr Everett said that this year Shell actually rejected some low contract bids in an effort to see that platform workers were paid a reasonable wage.

Some of the incidents have also shown that equipment has not performed as expected, for example the mooring joint for the Fulmar offshore loading system. It broke in sea conditions that it was designed to withstand. As North Sea installations get older more equipment is likely to fail, just as an old car inevitably has more problems than a new one.

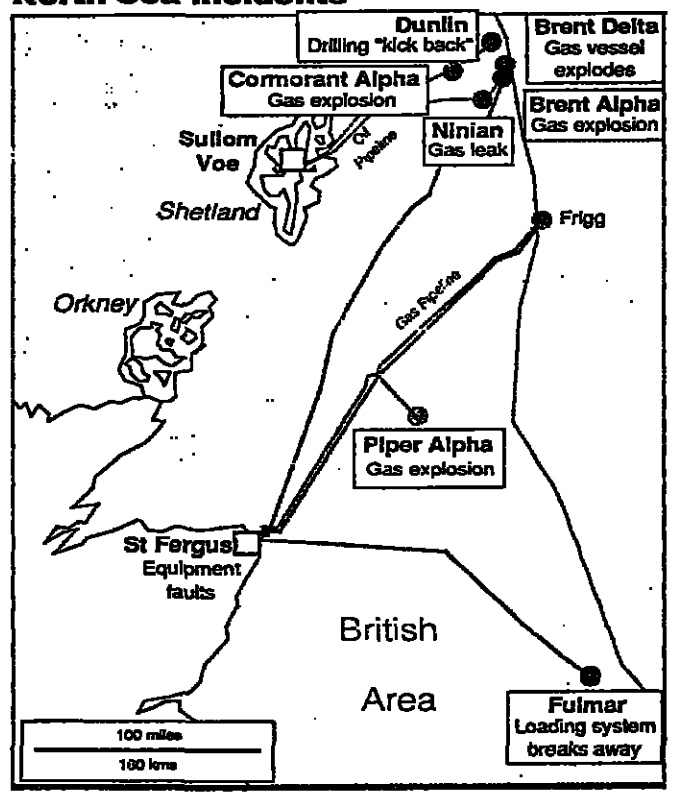
The serious and potentially dangerous gas leak on the Ninian platform in October was caused when a worker turned a valve, only to have a pipe break off behind it. Chevron, the operator, subsequently examined every valve and pipe on the platform but could find no others that had been subject to the same weakening.

James Capel has estimated that in future years additional safety measures could add 10 to 15 per cent to the cost of operating offshore. Pressure to man platforms with more company staff may also grow, since controls over workers are easier to enforce than with contract workers.

The record of the industry in the past year also has to be put into perspective. In every case but the Piper Alpha disaster, and possibly the Ocean Odyssey incident, back-up safety systems worked as designed to contain damage and save lives.

Yet even these sorts of incidents are likely soon to prove politically unacceptable, and unless the oil industry is successful at lowering the visibility of offshore incidents the Government may be forced to step to take greater control.

North Sea incidents



Government acts to open gas supply to competing groups

By Steven Butler

THE Government yesterday took steps to pare down British Gas's monopoly in the industrial gas market by targeting 10 per cent of gas from new fields for sale by means of other suppliers.

Mr Francis Maude, corporate affairs minister, said in a parliamentary answer that the Government accepted the aims of a recommendation by the Monopolies and Mergers Commission that new suppliers should be encouraged to compete with British Gas, the privatised utility.

The Government has modified the commission's proposal, however, that British Gas should not be allowed to contract for more than 90 per cent of the output of any new gas field.

The Government has instead introduced a more flexible system in which the 90 per cent ceiling is a target covering both gas produced on the UK continental shelf and imported gas.

Furthermore, the target applies not to the output of individual fields, but to sum of all gas coming from new fields.

This means that some fields may be allowed to sell all their output to British Gas, while other fields would have to use alternative supply arrangements for more than 10 per cent of output.

The oil industry is likely to welcome the modification of the MMC proposal. Fears had been expressed that a rigid system would prove costly and hard to implement.

The target will account for all gas contracted after May 31. However, Mr Maude cautioned that a small number of large deals involving a limited class of customers would not result in the early development of competition, and that the Government would carefully monitor new contracts to see that is goals were being furthered.

Arrangements are to be reviewed in 1991 to assess the size and diversity of gas users not dependent on British Gas.

If the progress towards creating a competitive gas market is insufficient, Mr Maude said he would resort to order-making powers under the Fair Trading Act.

The Director General of Fair Trading has also been invited to seek an undertaking from British Gas to help gas producers to make alternative supply arrangements, particularly by agreeing to carry sufficient gas as a common carrier.

Doctors reject plans for health reform

By Alan Pike, Social Affairs Correspondent

REPRESENTATIVES of Britain's 32,000 family doctors yesterday told their leaders to consider sanctions for use against the Government if Mr Kenneth Clarke, Health Secretary, tries to impose new contracts on general practitioners.

However, a special conference of the British Medical Association's general medical services committee drew back – for now – from threatening mass resignation from the National Health Service. There were warnings that this could be misunderstood by the public and exploited by the Government.

About 350 GPs' representatives at the London conference declared unanimous opposition to the reforms in Working for Patients, the Government's draft legislation on health care. The conference then went on to reject the Department of Health's new GPs' contract, saying its proposals were ill thought out, impractical, would limit patient choice and reduce standards of care.

The draft law and contract talks are separate but overlapping issues. Some of the objectives of the changes – notably a shift in the GPs' salary structure towards payment by results – are included in the contract talks.

Dr Richard Tiner, a doctor from Taunton, told the conference that the imposition of Mr Clarke's proposals would "so change general practice as I know it that I will be prepared to resign," and he said fellow GPs in south-west England shared this view.

However, other speakers warned that resignation threats would expose GPs to the charge of destroying the service that they were campaigning to defend. Opponents of resignation suggested alternatives, including continuing to work to existing contracts – forcing Mr Clarke to decide whether to stop paying GPS – and refusing to give the Government the information to introduce proposed new drug budgets.

Dr Michael Wilson, chairman of the general medical services committee, received a long standing ovation after a speech attacking the Government on the contract negotiations and the proposed health reforms.

The medical profession, he said, had for many years been seeking changes which would improve services to patients. But the Government had resisted change because of an "obsession with controls" over management, manpower and costs.

The reforms in Working for Patients revealed "that same addiction which has impeded our progress over recent years – an addiction with control, and in particular with cost-control."

BMA critisisms of the manner and speed with which the Government is trying to change the NHS have gained support from a source which will prove embarrassing for ministers – Prof Alain Enthoven, of Stanford University. Prof Enthoven's writings on the internal market in health care are known to have influenced the Government's thinking.

He says in an interview in this week's British Medical Journal that the Government is moving at "an amazing speed" in its efforts to set the changes in motion by 1991.

Prof Enthoven says he cannot understand why the Government did not choose to test its "very promising ideas" in pilot projects. And he says he is "very surprised by the lack of detail" in the published legislative documents.

NOTICE OF MEETING

Annual General Meeting
Notice is hereby given that the twenty-seventh annual general meeting of The RTZ Corporation PLC will be held at Grosvenor House (Ballroom Entrance), Park Lane, London W1 on Thursday 1 June 1989 at 2.30 pm for the following purposes:-

Special business
1. To consider, and if thought fit, pass the following resolution which will be proposed as a special resolution, namely that:

the directors be and are hereby

(a) generally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next annual general meeting or on 1 September 1990, whichever is the earlier, all the powers of the Company to allot and make offers or agreements to allot relevant securities up to an aggregate nominal amount of £23,822,846 provided that equity securities allotted or offered or agreed to be allotted wholly for cash otherwise than in connection with a rights issue shall not exceed an aggregate nominal amount of £3,955,366.

and
(b) empowered to allot and to make offers or agreements to allot equity securities pursuant to and during the period of the said authority as if Section 89(1) of the said Act did not apply to any such allotment.

For the purposes of this resolution:

(i) 'rights issue' means an offer of securities open for acceptance for a period fixed by the directors to holders of ordinary shares on the register on a record date fixed by the directors in proportion to such holders' then holdings of such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body; and

(ii) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 bear the same meaning.

2. To consider, and, if thought fit, pass the following resolution which will be proposed as a special resolution , namely that:

with effect from the conclusion of the 1989 annual general meeting, the articles of association of the Company be altered by the deletion of the existing Article 67 and the substitution therefor of the following:

"67 (A) No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

(B) If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under Section 212 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a "direction notice") upon such member as follows:

(1) a direction notice may direct that, in respect of the shares in relation to which the default occurred ("default shares"), the member shall not be entitled to vote at a General Meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company; and

(2) where the default shares represent at least 0.25 per cent of the class of shares concerned, then the direction notice may additionally direct that:

(a) in respect of the default shares, any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member, and/or

(b) no transfer of any of the shares held by such member shall be registered unless:

(i) the member is not himself in default as regards supplying the information requested; and

(ii) the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

(C) Any direction notice shall cease to have effect in relation to any shares which are transferred by such member by means of an approved transfer.

(D) For the purpose of this Article:

(1) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said Section 212 which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant Section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

(2) the prescribed period in respect of any particular member is 28 days from the date of service of the said notice under Section 212 except where the default shares represent at least 0.25 per cent of the class of shares concerned in which case such period shall be reduced to 14 days;

(3) a transfer of shares is an approved transfer if but only if:

(a) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer for a company (as defined in Section 14 of the Company Securities (Insider Dealing) Act 1985), or

(b) The Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with a member and with other persons appearing to be interested in such shares; or

(c) the transfer results from a sale made through a recognised investment exchange (as defined in the Financial Services Act 1986) or any stock exchange outside the United Kingdom on which the company's shares are normally traded.

(E) Nothing contained in this Article shall limit the power of the Directors under Section 216 of the Act.

3. To consider, and if thought fit, pass the following resolution which will be proposed as an ordinary resolution, namely that:

approval be and is hereby given for the Board to determine and announce that ordinary shareholders other than holders of Share Warrants will be entitled to elect to receive an allotment of additional Ordinary Shares credited as fully paid in lieu of any dividend (or any part thereof) declared or proposed at any time after the date of the passing of this resolution and prior to or on the date of the next annual general meeting of the Company.

4. To consider, and if thought fit, pass the following resolution which will be proposed as an ordinary resolution, namely that:

the directors be authorised to alter the rules of the RTZ Savings-Related Share Option Scheme (subject to such amendments thereto as may appear to them to be necessary to satisfy the requirements of the Board of Inland Revenue), by substituting "20 per centum" for "10 per centum" in the definition of Option Price in Rule 1 with effect from the date on which the Finance Bill 1989 receives Royal Assent.

5. to consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution, namely that:

the directors be authorised to make the following alterations to the rules of the RTZ Executive Share Option Scheme 1985 (subject to such amendments thereto as may appear to them to be necessary to satisfy the requirements of the Board of Inland Revenue):

(i) In paragraph 2(C)-
(i) after "he may acquire" delete the words "or has acquired", and

(ii) after the words "Employees' Share Scheme" insert "approved under the provisions of Parts I, II and IV of Schedule 9 to the Income and Corporation Taxes Act 1988 or otherwise available for selected employees only"; and

(ii) in paragraph 3(A), insert a new paragraph (ii) and renumber paragraphs (ii) and (iii) accordingly

"during the period of 4 years commencing on 1 June 1989 exceed $2\frac{1}{2}$ per cent of the issued equity share capital of the Company at the time of any proposed Date of Grant; nor"

Ordinary business
6. To re-elect directors.

7. To re-appoint the auditors.

8. To consider the Company's accounts and the report of the directors and auditors for the year ended 31 December 1988 and to declare a dividend on the ordinary shares.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy, together with any power of attorney under which it is signed, should reach the transfer office of the Company, at 1 Redcliffe Street, Bristol BS1 6NT, not less than 48 hours before the time appointed for holding the meeting.

By order of the Board
I. S Wigley Secretary
6 St James's Square,
London SW1Y 4LD
27 April 1989

Notes
1. Only holders of the ordinary shares or of the 'D' cumulative preference shares are entitled to attend and vote at the meeting.

2. A proxy may not speak at the meeting except with permission of the Chairman of the meeting.

3. A holder of a share warrant to bearer, who desires to attend the meeting or to appoint one or more proxies to attend and on a poll vote instead of him, will receive a ticket of admission on depositing at the Company's transfer office at 1 Redcliff Street, Bristol BS1 6NT, at least 48 hours before the meeting, a written request for the issue of the ticket (and, if desired, a form of proxy) together with either the share warrant or a certificate signed by a bank, stockbroker or solicitor within the UK, the Channel Islands or the Isle of Man stating that the share warrant is in the custody of such bank, stockbroker or solicitor and will be retained in such custody until after the close of the meeting. If the form of proxy is to be used, it must be completed and returned to the transfer office so as to be received at least 48 hours before the meeting.

4. Copies of the articles of association, the rules of the RTZ Savings-Related Share Option Scheme 1983 and the rules of the RTZ Executive Share Option Scheme 1985 will be available for inspection at the registered office of the Company and at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA during the usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting and at the Grosvenor House for at least 15 minutes prior to and during the meeting.

5. Copies of contracts of service of directors of the Company with the Company or its UK subsidiaries will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting and at the Grosvenor House for at least 15 minutes prior to and during the meeting.

6. Shareholders are reminded that cameras and tape-recorders are not allowed in the meeting hall.

UK NEWS

Treasury chief defends tight monetary regime

By Simon Holberton, Economics Staff

INTEREST rates will remain high to maintain downward pressure on inflation, Mr John Major, Chief Secretary to the Treasury, said yesterday.

The defeat of inflation was the "central economic objective" of government policy and the Government was not prepared to take risks with it, he told a meeting in London of the American Chamber of Commerce.

Mr Major admitted that the current level of interest rates was causing short-term discomfort to some in the community but defended high rates by saying they were necessary if an "inflationary spiral that would damage our economic competitiveness, our industrial and commercial growth and our individual prospects" was to be avoided.

A day after the Government reported a £1.2bn current account deficit for March, the Chief Secretary said the deficit, which was the result of private sector decisions, would contract when the private sector adjusted to the Government's tight monetary regime.

He said this would not "happen overnight" but evidence that the Government's policies were working was accumulating gradually. House price rises and turnover had slowed and this in turn was feeding through to lower consumer spending on household durables.

"Recent statistics on retail sales and M0 (money supply) confirm that consumer spending growth is slowing down in response to the tightening of monetary policy against a background of a Budget surplus," he said. Mr Major said the main reason for Britain's trade deficit was the surge last year in investment by companies. "The short-term impact on the balance of payments should be the precursor of long-term improvement in productive capacity and efficiency," he said.

● The Government received some welcome news yesterday with the release of final April banking figures which suggest that its money supply indicator, M0, which measures mostly cash, fell back to its target range for the first time in more than a year.

The Bank of England's weekly banking return contains figures for weekly notes in circulation and after making assumptions for the growth in coins in circulation most analysts concluded that M0 is likely to have grown by 4.9 per cent in April.

Mr Richard Jeffrey, economist at Hoare Govett, the US-owned securities house, said the deceleration in the growth of M0 provided clear evidence that consumption was slowing rapidly. "There is no validity in calls for higher interest rates," he added.

M0 is regarded as good indicator of consumer spending, with a consistent fall in its rate of growth taken to be indicative of a slowing in consumer demand. It is the only economic indicator for which the Treasury sets a formal target but it has not grown within that target, 1 to 5 per cent, since January 1988.

The annual rate of growth in M0 hit a recent peak of 8.5 per cent in December last year and it has slowed every month since then. Mr John Shepperd, economist at Warburg Securities, said this deceleration was "telling us that the economy is slowing more quickly than people have thought likely."

Mr Peter Felner, economist at James Capel, the UK securities house, said the deceleration in the rate of growth of M0 was a positive factor for the Government but he did not think it would lead the authorities to take a more relaxed attitude towards policy.

Cold nuclear fusion claims queried

By David Fishlock, Science Editor

COSMIC rays from space may have misled scientists claiming to have observed so-called cold nuclear fusion, says a US physicist who refereed the first scientific papers on the phenomenon.

Cold fusion has been claimed as an inexpensive way of harnessing nuclear energy, through a previously unknown nuclear reaction.

The scientists' claims rest on the detection of neutrons, although at levels very much lower than are customary in fusion reactions.

Dr John Carpenter, of the Argonne National Laboratory near Chicago, writing in the British journal Nature, says claimants may be overlooking the fact that cosmic rays can cause neutron contamination of experiments.

Nature had planned to publish papers reporting two separate experiments in Utah claiming cold fusion, but the more highly publicised paper by Professor Martin Fleischmann, of Southampton University, and Dr Stanley Pons was withdrawn when referees called for further explanation of their work.

The second paper, by Professor Steven Jones and seven colleagues from Brigham Young University and the University of Arizona – duly amended to satisfy the referees – appears in the journal this week.

It claims a small fusion effect, on the basis of detecting small numbers of neutrons, and concludes modestly that the observation "opens the possibility, at least, of a new path to fusion energy."

In an accompanying comment, Dr John Maddox, Nature's editor, notes the indignation of many scientists that claimants had failed to perform the most rudimentary control experiments of trying it with ordinary instead of heavy water, the presumed nuclear fuel.

"This glaring lapse from accepted practice is another casualty of people's need to be first with reports of discovery and with the patents that follow," Dr Maddox says.

Robust scepticism is the only wise view, he concludes. He concedes that there may be something in the experiment reported from Brigham Young, but the Fleischmann and Pons conclusions about cold fusion are "literally unsupported by the evidence," he says.

Study finds more coverage of Sky TV in Murdoch titles

Newspaper standards 'needed on coverage of broadcasting'

By Raymond Snoddy

THE European Institute for the Media, the research body based at Manchester University, called yesterday on national newspaper owners with interests in satellite television to set and publish standards on the coverage of broadcasting developments to ensure impartiality regardless of cross-media ownership patterns.

The recommendation came among findings by the Institute that newspapers owned by News International, Mr Rupert Murdoch's UK news group, had given more coverage to Sky Television – a wholly owned News International subsidiary – than other newspapers.

Sky Television began broadcasting in February.

The Murdoch titles, The Sun, The Times, Today, News of the World and the Sunday Times, had given generally favourable coverage to Sky, the study found, and did not give comparable attention to the comments, reactions or initiatives of satellite television rivals British Satellite Broadcasting.

The connections between the Murdoch newspapers and Sky Television were rarely mentioned.

The study, Multi-Media Concentration and the Free Flow of Information, was commissioned and paid for by BSB. It found that reports in the Daily Mail and to a lesser extent the Mail on Sunday tended to favour BSB.

The Daily Mail, in association with Yorkshire Television, has a contract to supply programmes to BSB scheduled to launch three channels in the autumn.

The coverage of the Financial Times, the parent company of which, Pearson, is a founder shareholder of BSB, was described by the report as "evenhanded."

The study found that News International titles devoted more than four times the space to covering promotional events for satellite television, mostly for Sky between June 1988-February 1989, as papers with BSB connections.

These newspapers had also devoted more than seven times the space given to such events in national newspapers with connections to neither satellite television group.

The study says it found a difference between the "relatively small and infrequent appearance" of items favourable to BSB in the Mail and Mail on Sunday and "the volume and nature of corresponding coverage" in News International titles.

The institute says that unless standards are drawn up to cover cross-ownership of media interests, there is a danger that "public opinion and attitudes may be subject to undue influence as a result of the concentration of media power."

The Institute hopes that the Government will introduce "clear, enforceable, and publicly beneficial legislation" in this year's broadcasting bill, but it says that newspapers should immediately act on their own initiative.

The Institute wants to see:

● equal and impartial coverage of all broadcasting developments;

● clear information to readers about connected and competing press and broadcasting interests; and

● an arms length relationship between media owners and advertisers, the fair placing of advertisments and the proper clearance of contentious advertising claims before publication.

BSB yesterday welcomed the suggestion of a temporary voluntary code, but said that it looked to the Government to indicate "how the mischief highlighted in the report can be countered."

News International last night welcomed the report, but said it was more interested in getting programmes out and suggested that BSB should be worrying about programmes too.

The research was carried out by Mr Noble Wilson, former controller of international relations at the BBC and supervised by a steering committee at the Media Institute.

Howden abandons wind power

Financial Times Reporter

LOSSES caused by a repair bill on faulty wind turbines at a wind farm in California have forced James Howden Group, the Glasgow-based engineering company, out of the fledgling wind power business.

Mr Alan MacLachlan, Howden group secretary, said that the decision was taken "on economic grounds." Howden had never shown a profit on its wind energy enterprise, he said.

In July 1987 Howden reported that the Californian wind farm repairs were largely to blame for the group's operating profit decline of £3.76m resulting in an overall group loss of £1.28m for the 1986-87 financial year.

The company will honour existing agreements, including construction and monitoring of a 1MW machine at Richborough in Kent being built for the Central Electricity Generating Board with financial support from the European Commission.

It will not cut its labour force of 35-40 people engaged in the UK end of Howden's wind energy business.

The future of Howden's turbine manufacturing facilities in Glasgow and Southampton is uncertain. Mr MacLachlan said Howden is seeking a buyer and discussions have taken place with a number of potential purchasers including Britain's other main wind turbine maker, the Wind Energy Group – a consortium of Taylor Woodrow and British Aerospace.

A similar question mark hangs over some of Howden's planned wind power projects recently granted funds by the EC, including a project for a machine to be built for the CEGB, the Eastern Electricity Board and the EC off the Norfolk coast – the world's first offshore wind turbine.

Discussions are taking place with the EC over the projects. Though nothing is completed, it seems likely that the £850,000 granted to Howden by the EC for wind demonstration projects earlier this year will have to be re-allocated.

Government refuses delay on Shorts bid

By Lynton McLain

THE GOVERNMENT has turned down a request from GEC and the Dutch Fokker aircraft company, to postpone submitting a joint bid to buy Short Brothers, the Belfast aerospace company which the Government is planned to privatise by the end of June this year.

The Government deadline for submission of bids is the end of this month.

The only other candidate to buy Shorts is the Canadian aerospace company, Bombardier, which makes Canadair aircraft. The Marconi defence company of GEC is leading the GEC bid.

Fokker said from Amsterdam: "We would have liked to postpone the bid, or explain why we cannot make an early decision on our plans."

The company wanted to delay submission of its bid because it has been trying to resolve a problem of shortage of production capacity for its aircraft.

By 1991, it will be producing the 100-seat Fokker F100 twin-jet airliner at the rate of 46 aircraft a year, the maximum capacity of its factory at Schiphol, near Amsterdam.

"But we need capacity to produce between 78 and 80 aircraft a year by 1992," Fokker said.

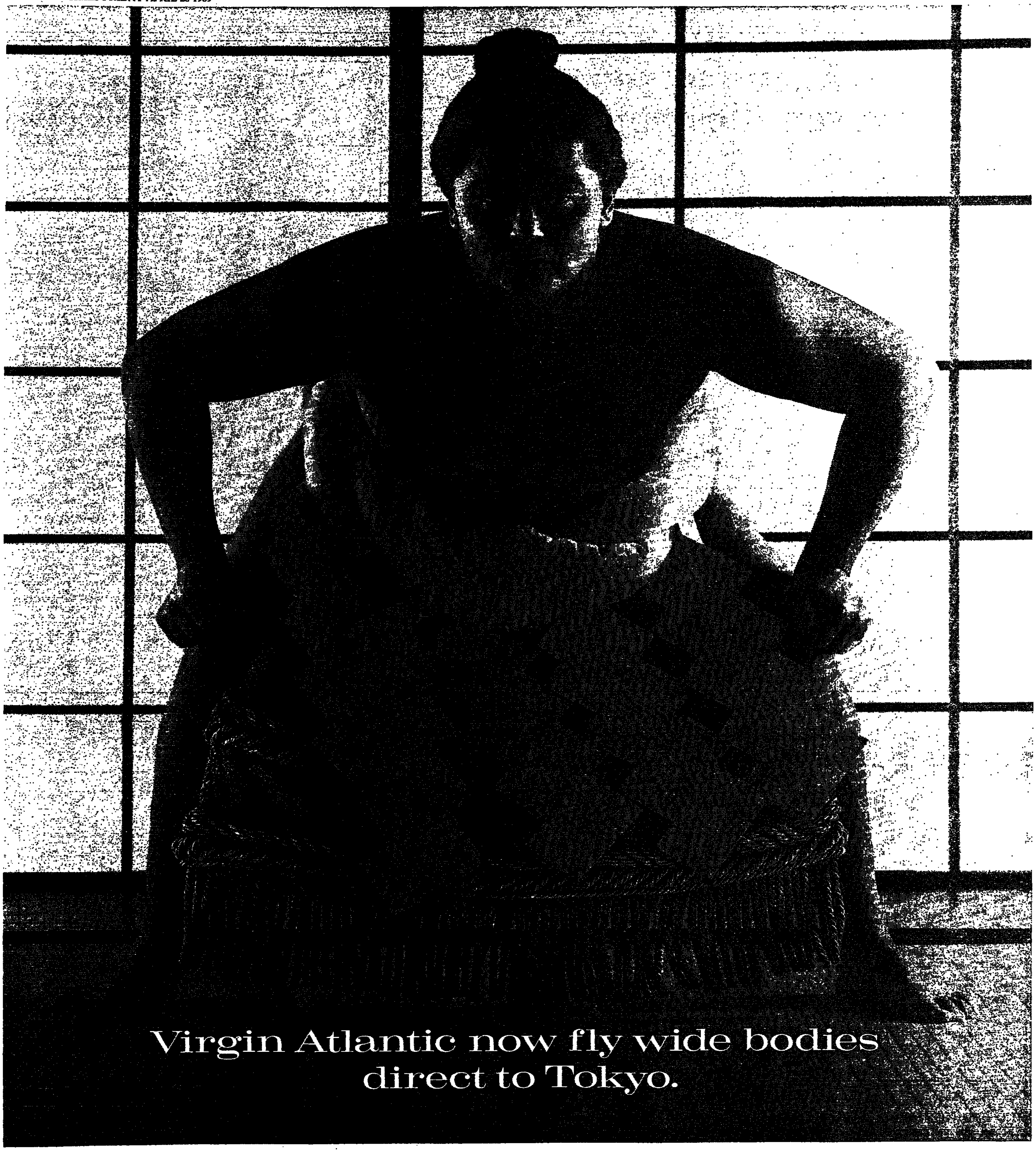
The company's joint bid with GEC of Britain to buy Short Brothers was one of the options for Fokker to increase its production capacity.

Other options included expanding the Schiphol production capacity and/or opening a production line in the US, one of Fokker's most rapidly growing markets for the F100 airliner.

Fokker said: "It is premature for us to make a decision on our proposed bid for Short Brothers, because we need another two months to examine the options for expanding our production capacity."

Fokker said that the Government told it and GEC that the proposed delay was unacceptable. The company will make a formal bid without any conditions.

"We will take the risk that our bid for Short Brothers may not be the most optimum solution for our capacity problem," Fokker said.



Within a very short time of its launch, our transatlantic service floored its critics.

Having laughed at the idea initially, they were silenced last year when our Upper Class won the four most coveted travel trade awards.

So the announcement that Virgin Atlantic will be flying to Tokyo from May 1st–non-stop and once via Moscow–has produced a mixed response.

A worried silence from those who fly against us, and high anticipation from those who have flown with us. For good reason.

A chauffeur driven car will take you to and from Gatwick.* Or, if you prefer, we will provide 1st class rail travel from any UK mainland station.

Once on board, you can look forward to lying back in Sumo size seats with over 15" more leg room than any other business class to Tokyo.

So getting to sleep is no wrestling match.

Or if you're feeling lively, you can while away a few happy hours in one of our bars or lounges.

You'll be looked after by our cheerful, informal but attentive cabin staff.

And watch out for our latest innovation, a personal video with a choice of up to 100 films.

(In keeping with the destination the staff will be both European and Oriental. As will the cuisine).

Now, if this doesn't win at least the respect of our competitors, we're confident it'll win the approval of our toughest critics.

Our customers.

For full details and reservations call us on 0293 551616 or see your travel agent.

The Businessperson's favourite airline. Virgin atlantic

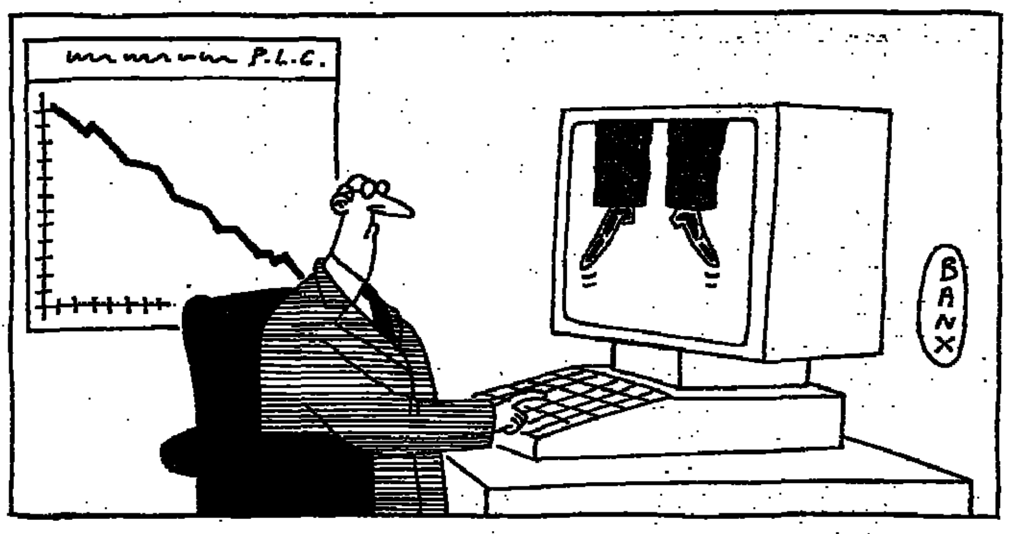
*The first 40 miles with our compliments.

TECHNOLOGY

The day of the smiling, talking workstation approaches. **Louise Kehoe** reports

Eagle eye

Welcome to your truly personal computer



"GOOD morning. Today is Friday April 28. What can I do for you . . . word processing, spreadsheet analysis, a database search, perhaps, or would you like to read the messages left while you were out?"

Before too long, turning on your personal computer (PC) could elicit a greeting such as this, spoken by the video image of a person pictured on the screen. The technology required to provide PCs with such attributes is already close to commercialisation.

By the mid-1990s, the flashing prompt signal and electronic bleeps that most of us get when we switch on our PCs may seem just as old-fashioned as a black and white television set. Indeed, if US developers are to be believed, the smiling, talking computer will be part of our daily lives within the next decade.

"Tomorrow, people will be talking to, gesturing at and even arguing with these machines," predicted Scott McNealy, president of Sun Microsystems, as he unveiled the latest additions to Sun's computer workstation range.

Already, Sun's new Sparcstations can talk, albeit with a rather squeeky voice, play music and manipulate two and three dimensional graphics. With the addition of a video processing board, the high-end workstations can also digitise and display colour full-motion video.

The price of the video board, $12,900 (plus a workstation costing more than $20,000), will limit its use to professionals. Sun expects it to find applications in, for example, computer-aided instruction from a video disk.

The cost of video processing is expected to be significantly reduced, however, by developments at Intel Corporation, the semiconductor manufacturer. Its microprocessors power most IBM-compatible PCs.

Intel is developing a set of chips that implement digital video interactive (DVI) technology, a method of compressing video signals so that they can be recorded on compact disk read-only memory (CD-Rom). The company is about to introduce a prototype for use by software developers and plans to launch its first "playback" circuit board, which can be plugged into a PC, early next year. Initially, the plug-in board will cost several thousand dollars, but Intel says it will be less than $1,000 by 1992.

At that price, the potential of interactive video becomes enormous. Training disks will be an important application, says Rick Stauffer, Intel's marketing manager for DVI. He cites the example of a fast food chain using the technology to train new employees to cook hamburgers.

Travel agents and other retailers could make use of interactive video systems to enable customers to, for example, take simulated tours of the places they plan to visit. A feature of DVI is that it enables the user to steer his or her own path through a video, viewing objects from different angles or zooming in on detail.

The realistic colours and clarity of DVI images could extend its use into design. For example, people might use the system to redesign their gardens or select home furnishings, viewing alternative designs on the screen.

It is in education, however, that the broadest application of multimedia processing is beginning to emerge. Apple Computer's Multimedia Laboratory is in the forefront of developing educational material that combines text, graphics and video to produce computerised learning tools. Working with existing technologies, rather than waiting for the advent of digital video processing, Apple has created several prototype teaching tools.

As well as creating new computer applications, however, DVI is expected to contribute to a fundamental change in the way people communicate with computers. With the addition of video, voice recognition and digitised speech, the machine can take on a personality.

Today's legal wrangling over graphical user interfaces, the programs that put "icons" and "pull-down menus" on our screens, will no doubt seem rather arcane when the major issue of the day has become whom you want your computer to look and sound like.

Would you, for example, like a pretty girl to speak to you from the screen on your desk? Or is your preference for a handsome young hunk? Will companies standardise on carefully selected individuals to portray a "suitable" image?

Sceptics might well ask whether the babble of computer talk will not prove irritating in open plan offices and, indeed, whether people really want to sit face to face with an all-knowing, ever-pleasant individual every working day. Clearly the concept of the "video user interface" opens a can of worms.

Futurists have long anticipated book-sized computers with advanced displays and communication capabilities. A stumbling block, however, has been the relatively poor quality of the liquid crystal displays (LCDs) used in portable computers.

A new generation of display controller chips, introduced this month by Cirrus Logic, of California, goes a long way towards solving the problem. "Users want CRT (cathode ray tube) quality when they run graphics applications programs on a lap-top computer with a liquid crystal display," explains George Alexy, vice president of marketing.

To improve the quality of flat panel displays, while maintaining compatibility with desk-top computer standards, Cirrus has developed techniques to transform the colours of a CRT display into up to 32 shades of grey on a monochrome LCD.

The result is a much crisper display without flicker. The new chips also comply with the video graphics array (VGA) display standard, introduced by IBM in 1987 and used in the latest PC graphics software.

The goal is to make the quality of the lap-top computer screen image so good that users will be content to put them on their desks for daily use, as is already the practice in many offices in Japan where space is at a premium.

According to Dataquest, lap-tops accounted for just 7 per cent of PC sales in the US last year, but will grow to 16 per cent by 1992. That would equate to US sales of $4.1bn and world-wide sales of $5.9bn.

Cirrus is convinced that once the display quality problem is solved, lap-tops will come to represent more than 25 per cent of the PC market.

LCDs have come a long way since their 1970s debut in calculators and digital watches. But the technology still has untapped potential, according to Taliq Corporation of Sunnyvale, California.

The company, a subsidiary of Raychem, has pioneered a method of encapsulating liquid crystal material, which it hopes will open up a range of new applications. Instead of sealing liquid crystal between plates of glass, Taliq paints an emulsion of liquid crystal on to a polyester sheet, a method similar to that used to make photographic film.

The Taliq approach overcomes some of the limitations of current LCD technology, most importantly size. Because the thickness of the liquid crystal material in today's displays must be precisely controlled, the size of the displays is limited by the ability to make perfectly flat glass panels. In practice, that limit is about 50 square inches.

By contrast, Taliq's polyester-based displays can be made to any size. Other advantages are greater brightness and a wider viewing angle. With the addition of colour reflectors, Taliq can make LCDs in virtually any colour.

Ultimately, this technology could be used to make large, lightweight computer displays or in flat panel televisions. It might also find a home in the dashboard of a car.

Technological breakthroughs do not always prove to be overnight commercial successes, however, and for Taliq, breaking into big markets against established competitors has proved tough. So the company is focusing its attention on the two types of application in which it sees the most immediate potential.

The first is in windows that can be made translucent or opaque at the turn of a switch. These "vision panels", as Taliq calls them, are beginning to win attention from architects and office designers. The electronic window shades are expensive, about $100 per sq ft, but they appeal to those who like to be in the forefront of technology.

Ford Motor company has also experimented with the on/off glass with a view to using it in car sunroofs and windows.

Taliq recently licensed Nippon Sheet Glass of Japan to use its technology for window products to be sold in Japan and the Pacific region. The alliance represents an opportunity to address a broader, higher volume market than that which Taliq could tackle alone.

Meanwhile, Taliq is putting effort into liquid crystal panels for instruments and home appliances. By combining its liquid crystal film with graphic overlays and colour reflectors, the company produces displays that use a fraction of the power of standard light-emitting diode read-outs.

All the fun of the fair with some new robots

This month's Hanover Industry Fair demonstrated that the robotics field is far from stagnating. New companies, such as Krupp MaG, of West Germany, are entering the business and existing ones continue to experiment with ways of expanding their markets.

Specialist suppliers to the automotive industry, such as GMF Robotics, a joint venture between General Motors of the US and Fanuc of Japan, are looking for openings in other industries. And companies known for their welding robots, such as Kuka, Germany's biggest robotics manufacturer, want to move into the assembly field.

Most enterprising, however, are companies finding new applications. Robots in computer rooms, for example, are the result of a partnership between the German arm of Staubli (the Swiss company which recently acquired the Unimation robot activities from Westinghouse of the US) and Comstar, the Dortmund software house.

The robot loads data cassettes on to a disk drive unit – an extremely tedious job for a person but a crucial one if the staff at such institutions as banks or insurance companies are to gain immediate access to stored data. The computer-controlled system removes the cassettes from a rotating "tower" magazine. Each cartridge is bar-coded and the robot is fitted with a camera so that it can check the identity of the cartridge and see that the disk drive is empty before loading it. Once the required data has been downloaded, the robot returns the cartridge to the magazine.

Staubli and Comstar developed this last year and have already sold about 20 systems, mainly in Germany and Scandinavia. This year they hope to install a further 30 or 40 systems, extending their market to car companies.

Another unusual task for a robot, the testing of public telephones, has been developed for the German Post Office's central exchange by the production and automation division of Messerschmitt-Bölkow-Blohm (MBB), better known in aerospace.

The Deutsche Bundespost (DBP) needed a system to determine the durability of telephones under different climactic conditions, from -25 to 75 deg C and from 0 to 100 per cent humidity.

As well as being able to operate under these conditions, the robot has to simulate use of the telephone by a person, including the entry of the phone number using a push-button "dial", the loading and unloading of phone cards, the introduction of coins and the use of the different buttons for cancelling a call and so on. In addition, it must work three shifts without interruption and report breakdowns and mistakes.

The test cell capable of meeting these specifications was supplied by MBB Production and Automation Technology. Based on a six-axis Japanese robot from Mitsubishi, it has proved competent so far and MBB is installing two further cells at the DBP.

Finally from Hanover came news of a robotic system for washing aeroplanes. Niko-MAG, of Germany, demonstrated a prototype version of a system in which a robot, mounted on an automated guided vehicle, can be programmed to follow the aircraft's contours and wash it.

Anna Kochan

Adversaries choose their software weapons for Thatcher debate

WHEN Norman Tebbit, the UK politician, and television presenter John Jay put the Prime Minister's 10-year economic record on television trial, this Sunday and next, they will support their arguments using computer software designed for the boardroom not the courtroom, writes Della Bradshaw.

The Resolve analysis system, designed by management consultancy Metapraxis of Kingston upon Thames, is used by executives in such companies as British Telecom (where Tebbit is a director), Midland Bank and United Biscuits. The package, which runs on a personal computer, presents economic data – from within and without the company – as graphs and charts.

Graphical material illustrating such topics as inflation and unemployment will be used by the two adversaries during the London Weekend Television assessment, entitled The Thatcher Years: Miracle or Mirage? The program also includes data from other European countries.

Companies using Resolve pay about £25,000 a year for the software, which Metapraxis regularly updates with the latest economic trends.

FT LAW REPORTS

Dressed-up sale is a return of capital to shareholders

AVELING BARFORD LTD v PERION LTD AND OTHERS
Chancery Division : Mr Justice Hoffmann: April 17 1989

THE DISTRIBUTION of capital by a solvent company is *ultra vires* and incapable of ratification by shareholders if it has no distributable reserves; and where the company sells property at gross undervalue to a company controlled by its sole beneficial shareholder, the purchaser will be liable to account as constructive trustee for the profit on resale if it knew the original sale at arm's length was a dressed-up and unlawful distribution of capital to the shareholder.

Mr Justice Hoffmann so held when dismissing a motion by the defendants, Perion Ltd and others, to set aside a judgment ordering Perion to account as constructive trustee for the proceeds of sale of a property which it acquired from the plaintiff, Aveling Barford Ltd, now in liquidation.

HIS LORDSHIP said that Aveling Barford, a Grantham company, produced steamrollers.

In late 1986 its entire issued share capital was owned or controlled by a Singapore businessman, Dr Lee Kin Tat. It was in financial difficulties and had exhausted its credit facilities. For the purposes of the present motion it was taken as having been solvent.

In 1985 Aveling had decided to sell a property called "Arnoldfield", used as an employees' sports and social centre. During 1986 it negotiated with the planning authority for permission to build houses on the land. Estate agents valued the property at £650,000.

Perion was a Jersey company controlled by Dr Lee. On October 24 1986 at a directors' meeting it resolved to acquire Arnoldfield from Aveling Barford for £350,000 on a mortgage from Business Mortgages Trust (BMT). The mortgage was arranged by Mr Robin Chapman, solicitor to Aveling Barford and to Perion. On November 4 BMT sent a formal offer approving the loan subject to satisfactory valuation. The BMT valuation was £1.15m.

Dr Lee accepted the BMT offer on Perion's behalf. On January 26 1987 planning permission was formally granted. On February 3 Mr Chapman wrote to Aveling Barford's managing director saying that to complete the transaction he needed £105,708, which would be returned to Aveling Barford.

Payment was made the following day, but the conveyance was dated February 3. It was executed by Mr Chapman and by Dr Lee on Perion's behalf in consideration of £350,000. Perion provided no money for the purchase. The whole consideration came from BMT or Aveling Barford.

On July 17 a query by Aveling Barford, accountants to Mr Chapman, as to an alleged agreement that Perion was to pass back any profits it realised on a resale, produced what purported to be a contract dated January 10 1987 between Aveling Barford and Perion for the sale of Arnoldfield. Clause 9 provided that in addition to the £350,000 purchase price Perion should pay a further £400,000 in the event that it sold the property for more than £800,000 within a year. On August 5 1987 Perion sold Arnoldfield for £1.5m.

Aveling Barford, now in liquidation, obtained judgment against Perion in default of defence ordering certain payments and an inquiry as to damages and compensation.

On the present motion Perion sought to set aside that judgment. The main question was whether it had shown it had a good arguable defence.

Mr Chapman was fully aware of the facts and was the person who acted on behalf of both Aveling Barford and Perion in carrying out the transaction. For the purpose of deciding whether Perion was entitled to retain the benefit of the sale, Mr Chapman's knowledge must be imputed to both Perion and Dr Lee.

But even without that knowledge the sale could not stand.

If the value of the land was £650,000, as Dr Lee said he had believed, Perion could have sold it the next day for that sum and made an immediate profit of £300,000 at Aveling Barford's expense. Only if it was sold for more than £800,000 would clause 9 have come into operation.

If the February sale was a breach of duty and liable to be set aside at the time, Dr Lee or Mr Chapman on his behalf had no right to confirm it retrospectively as a sale at £750,000 when they knew the value to be over £1.4m. It was the directors' duty to set aside the February sale and obtain full value of the land for Aveling Barford. On any view, therefore, the sale was a breach of fiduciary duty by Dr Lee. Perion knew all the facts which made it a breach of duty and was therefore accountable as constructive trustee.

Mr Bannister for Perion submitted that whether or not the sale to Perion was a breach of fiduciary duty by Dr Lee, it could not be challenged because it was unanimously approved by shareholders – informally at the time of the sale, by virtue of Dr Lee's ownership or control of the entire issued share capital, and formally when the 1987 accounts were adopted at annual general meeting. The general rule was that any act which fell within the express or implied powers of a company conferred by its memorandum of association would be binding if approved or ratified by shareholders.

But that rule was subject to exceptions, one of which was that a company could not, without leave of the court or the adoption of a special procedure, return its capital to its shareholders.

It followed that a transaction which amounted to an unauthorised return of capital was *ultra vires*, and could not be validated by a shareholder ratification or approval.

Whether a transaction was a distribution to shareholders did not depend exclusively on what the parties chose to call it.

In *Ridge Securities [1964] 1 WLR 479* excessive interest payments on debentures were held to be *ultra vires* because they were dressed-up gifts of capital. In *re Halt Garages [1982] 3 All ER 1016* excessive remuneration to a director and shareholder who rendered no services to the company was held to be dressed-up return of capital and *ultra vires*. The test, said Mr Justice Oliver, was whether the transaction was a genuine exercise of the company's power.

In the present case, the sale to Perion was not a genuine exercise of the company's power under its memorandum to sell its assets. It was a sale at a gross undervalue for the purpose of enabling a profit to be realised by an entity controlled and put forward by its sole beneficial shareholder.

Aveling Barford had, at the time, no distributable reserves. The sale was therefore *ultra vires* and incapable of validation by the shareholder's approval or ratification. The fact that the distribution was to Perion rather than to Dr Lee or his other entities which held the shares in Aveling Barford was irrelevant.

Mr Bannister relied on *Rolled Steel Products [1986] Ch 246, 296* where Lord Justice Slade said that the directors' state of mind and knowledge was irrelevant in considering questions of corporate capacity. Mr Bannister said the *Halt Garages* test for genuineness admitted questions about directors' motives, state of mind and knowledge.

In *Rolled Steel*, however, Lord Justice Slade excepted "frauds on creditors" from his general principle.

Mr Bannister said that "frauds on creditors" meant transactions entered into when the company was insolvent.

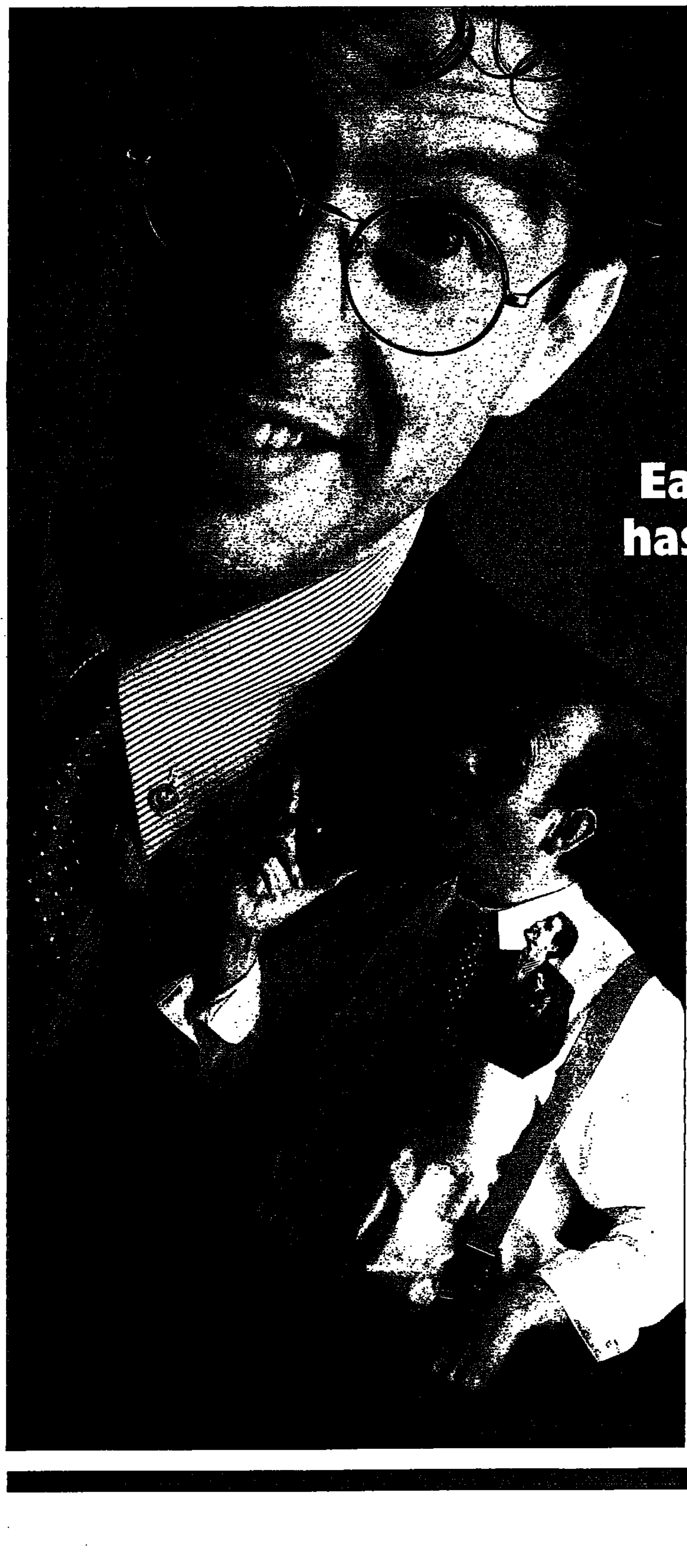
The phrase was not intended to have so narrow a meaning. The rule that capital might not be returned to shareholders was a rule for the protection of creditors. The evasion of that rule fell within what Lord Justice Slade had in mind when he spoke of a fraud on creditors.

The transaction was in law a sale. The false dressing it wore was that of a sale at arm's length or at market value. The fact that it was known and intended to be a sale at an undervalue made it an unlawful distribution.

It followed that Perion had no arguable defence and the motion to set aside the judgment must be dismissed.

For Aveling Barford: Simon Mortimore (Cameron Markby)
For Perion Edward Bannister (Payne Hicks Beach)

Rachel Davies
Barrister



For us, flying is precision work.

No matter what. There are certain things where we aren't prepared to budge an inch from our basic principles. For instance, when it comes to technical reliability.
Regularly, our aircraft are subjected to a whole range of visual, status, function and detail checks. This is something which you can expect of every airline. For us, however, it's not enough. Our technicians and engineers work with a degree of precision only rarely achieved elsewhere. Using highly sensitive testing equipment, they inspect every aircraft down to the last rivet.
Because they think it's impossible to be too thorough. That's just the way we Germans are. For us, everything has to be exactly right. There are simply some things where we never try to cut corners. And this pays in the long run. Precision is our maxim. And we won't budge an inch from this.

Lufthansa

West German banking

A quest for co-operative union

Haig Simonian explains why DG Bank wants to restructure domestically and create a European network equipped to take on the more traditional competitors

How does a huge bank rooted in the West German co-operative system react to the new challenges in financial services thrown up by the European Community's planned free internal market after 1992? Does it simply follow the example of other large commercial banks quoted on the stock exchange, or does its special nature as a co-operative institution oblige it to go its own way?

These are the questions now taxing Helmut Guthardt, chief executive of Deutsche Genossenschaftsbank (DG Bank), West Germany's sixth biggest bank, and his management team.

The bank, with total assets of DM 135bn in 1987, will have to think fast. There are already strong signs of greater competition from other European banks in the German market – putting a premium on a bank achieving size and breadth of coverage, especially to key corporate clients.

Guthardt's plans for the bank – and indirectly the German co-operative system in general – are still not complete. Nevertheless, thorough-going structural change is part of his answer. DG Bank has already evolved substantially itself, becoming more broadly-based in its activities.

But Guthardt believes Germany's complex three-tier co-operative banking system, in which DG Bank is the third layer, must be rationalised to raise its competitiveness and prepare for potentially closer links with other European co-operative banks. Progress has been made in resolving these problems, but only amid stiff opposition from some within the German co-operative system to Guthardt's ambitions to rationalise the middle layer while leaving the country's local co-operative banks (the first layer) intact.

Guthardt believes DG Bank has to follow a somewhat different path from its main rivals outside the co-operative movement, despite being of a size which might suggest it should adopt an approach similar to theirs.

Deutsche Bank has made big acquisitions in retail banking; Dresdner Bank has – so far – concentrated on investment banking and fund management, while Commerzbank has focused on strategic cross-holdings in European partners.

The co-operative movement plays a dominant role in German retail banking, with some 35,000 banks scattered across the country, owned by around 11m depositors. Their wholesaling and clearing needs are co-ordinated at regional level by five middle-tier co-operative central banks, which in turn channel their business to DG Bank on the third tier.

In the past, DG Bank was little more than a receptacle for spare liquidity in the co-operative system, which it would then place for the other banks on the interbank market.

However, all that changed rapidly in the 1980s when, in response to major changes in domestic and European banking, DG Bank took on the functions of a full-scale universal bank. It now participates actively in the domestic equity and bond markets and competes hard with its established rivals outside the co-operative system in corporate finance and lending. Nor has foreign expansion lagged; DG Bank now has operations in some 13 countries, including ownership of London & Continental Bankers, a London merchant bank.

The change from unknown co-operative clearer into a more entrepreneurial institution has taken many domestic financiers aback. For some, DG Bank's ambitions have been scorned for their very presumptiousness as much as for their competitive implications.

But having already established its credentials as a universal bank, with partial group operating profits – the standard German measure of bank profitability – up by over 5 per cent to DM 573m in 1987, where does DG Bank go from here with 1992 in mind? Guthardt feels the bank is obliged to follow parallel paths domestically and in Europe, on the assumption that the bank will continue to grow.

Last August, he issued a controversial discussion paper calling on the five regional co-operative central banks in Germany – the second tier of the country's co-operative system – to merge with DG Bank. (Changes at both the grass roots and the top level had been the subject of meetings of a special working group of co-operative bank chiefs over a period of about one year. The ad hoc committee involved has now been disbanded.)

Guthardt argued in the paper that the division of responsibility between the second and third tiers was no longer appropriate; it was inefficient and was putting the co-operative banks at a competitive disadvantage. "We need to have a more rational structure," he said.

According to Guthardt, size and international coverage have become more important in German banking in recent years. "New products and new business practices are coming in from abroad all the time," he says. Co-operative banks need to be involved in such developments at source, just as much as their commercial rivals. Unlike the five regional central banks, scattered around Germany, DG Bank is represented in international financial centres like New York, London and Tokyo.

However, Guthardt's merger plan, which could make DG Bank Germany's second biggest bank behind Deutsche Bank, has run into stiff management difficulties.

DG Bank Group (Consolidated) DMm

	1984	1985	1986	1987
Loans	64,541	75,050	77,772	83,651
Deposits	46,848	60,378	65,225	76,284
Bonds & notes issued*	31,187	36,442	39,550	42,854
Total assets	83,240	103,745	111,951	127,416

*Including pre-issue sales

While two of the five co-operative central banks, Norddeutsche Genossenschaftsbank (NG), based in Hanover, and Südwestdeutsche Genossenschafts-Zentralbank (SGZ), based in Frankfurt, are in favour, two others are dead set against.

The merger with NG, the third biggest of the five, is most advanced. All major points have been agreed, and all that is left to do is sign the document, which should be done by the middle of the year, according to Guthardt.

Discussions with SGZ are more complicated. It had been planning to merge with Raiffesien-Zentralbank Kurhessen (RZK), the smallest of the regional central banks, just as the Guthardt initiative was launched. The SGZ-RZK merger would make the joint unit the largest of the co-operative central banks. Guthardt is confident the SGZ-RZK unit will be ready to approve a link with DG Bank by the end of the year.

That leaves Westdeutsche Genossenschafts-Zentralbank (WGZ), the biggest of the five central banks, and Genossenschaftliche Zentralbank (GZB), based in Stuttgart. Both are vehemently opposed to Guthardt's plans. Last December, WGZ chose to underline its independence by making its first bond issue in the Euromarkets under its own name.

"Discussions have been very polemic so far," Guthardt admits. It is not just that the two banks do not wish to go along with the merger, "they don't want the others to do so either." Nevertheless, he tries to give an air of quiet confidence. "They don't want to go that way, or they don't want to go that way *yet*."

Guthardt plans to put his proposals to the vote at a meeting of the entire co-operative banking movement before the end of June to try to win the two round. He is confident of success. "I know the advantages and disadvantages. If one weighs them up, one can only come to one possible vote for rational reasons," he says.

Europe occupies the second half of DG Bank's strategy at present. The motive is once again largely defensive. "Our task is to protect and preserve the competitive position of co-operative small banks in Europe," he argues. Before, that role was confined to national frontiers. "But if the size of the domestic market grows, so that function has to be extended to the European level."

The co-operative banks would appear to have a ready-made advantage over their commercial banking rivals. Rather than spending millions on acquisitions, Europe's co-operative banks, which include the likes of Crédit Agricole, France's biggest bank, and Rabobank of the Netherlands, are already laying the ground for working together more closely.

"We have a steady dialogue," says Guthardt. Quite what the talks aimed at improving their joint competitiveness entail remains unclear. Takeovers of one European co-operative bank by another have been ruled out. The co-operative banks will have to compete as a group after 1992, he emphasises.

One possibility is to establish some form of European co-operative bank, representing a new "third tier" in the co-operative banking movement at European level, he hints. Such an institution, built on each nation's co-operative retail banks and one central institution per country, would have unparalleled investment resources to compete with fast-growing rivals from the commercial banking sector, according to Guthardt.

Helmut Guthardt: polemic discussions

But is there not a potential conflict between working out a joint strategy among European co-operative banks and the underlying competition in the international banking business, which makes them more like rivals than allies?

There are already some tell-tale signs that competition could be a problem. Take the question of size and which bank might take the lead in any joint European institution. Guthardt dismisses suggestions that DG Bank will dominate any future joint European unit.

"Of course, there are different views, as you can imagine, spurred partly by the thought of who will lead such a grouping," he recognises. But European co-operative banks which have been founded on similar principles "should look for ways of working co-operatively together," he says.

But DG Bank may be tempted to take the lead in terms of size alone. The figures can be misleading. Despite the fact that its total assets appear much smaller than those for Crédit Agricole, the German co-operative system is in fact much bigger than that in France. DG Bank's total assets only reflect the third tier of the German co-operative system, while those for the French bank, which amounted to $214bn in 1987, account for the French co-operative system as a whole. Taking all three tiers of the German system together and allowing for double counting, the comparable figure for DG Bank would be around $355bn, says an official.

But is Guthardt's co-operative sentiments entirely convincing in view of his bank's own rather independent actions? Last July, it stole a march on its French and Dutch counterparts by helping to establish a new "central bank" for Spain's Cajas Rurales – rural savings banks – in which it plans to have a 15-20 per cent stake. The venture, which started with around 25 Cajas Rurales, has now grown to include almost all the institutions in the Spanish system, says a DG Bank official.

Guthardt distinguishes between DG Bank's policy in countries in which there is already an established co-operative banking system and those where there is none at all, or where the existing system is weak. Spain was an example of the latter, he notes. "We will help to develop the co-operative system on a modern basis in other countries too."

He is reluctant to say which ones, but Italy could be an example. The country already has a large number of co-operative banks, but lacks a suitable central institution

Where does Guthardt's distinction leave the UK, where DG Bank has friendly relations with the Co-operative Bank, a subsidiary of the Co-operative Wholesale Society?

Guthardt is cautious about his UK plans. He merely notes that, with open frontiers after 1992, any retail financial product developed in the UK market could be sold in Germany. That could put pressure on DG Bank to gain direct experience of the UK market, he suggests.

Business courses

Managing the information systems resource, Cranfield. June 25-June 30. Fee: Tuition £925; accommodation £300. Details from Programme Administrator, Cranfield School of Management, Cranfield Institute of Technology, Cranfield Bedford MK43 OAL.Tel: 0234 751122.

Business strategies for financial services, Oxon. July 2-7. Fee: £1,375 + VAT (non-members of the Institute of Bankers); £1,225 + VAT (members of the Institute of Bankers). Details from Henley – The Management College, Greenlands, Henley-on-Thames, Oxon RG9 3AU. Tel: 0491 571454.

Japan 89, Tokyo. May 28 - June 11. Fee: £5,700. Details from David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire Sl5 7HE. Tel: 0990 28712. Telex: 847738 SHAQIC G.

Second European conference on business ethics, people in *corporations – ethical responsibilities* and corporate effectiveness, Barcelona. September 27-29. Fee: £200 for EBEN members and presenters of workshop papers; £220 for non-EBEN members. Details from IESE, Instituto de Estudios Superiores de la Empresa, Universidad de Navarra, Avenida Pearson 21, 08034 Barcelona, Spain. Tel: 03/204 40 00. Telex: 50924 IESB-E.

Making and managing change and innovation, Sweden. June 19-21. Fee: £685. Details from Marina Ticler, The Economist Unit, 25 St James's Street, London SW1A 1HG. Tel: 01-839 7000. Fax: 01-839 2968. Telex: 24344ECON G.

The Markstraat programme, *strategic marketing in a competitive environment*, London. June 18-21/October 22-25. Fee: £595 + VAT. Details from Marketing Improvements Learning, 17 Ulster Terrace, London NW1 4PJ. Tel: 01-487 5811. Telex: 299723 MARIMP G. Fax: 01-935 4839.

The quality revolution: a seminar for local government, London. May 25. Fee: from £115 + VAT. Details from The Institute of Quality Assurance, 10 Grosvenor Gardens, London SW1W ODQ. Tel: 01-730 7154. Telex: 8950952.

Strike out stress, London. June 22-23. Fee: £1,170. Details from Frost & Sullivan, Sullivan House, R, 4 Grosvenor Gardens, London SW1W ODH. Tel: 01-730 3438. Telex: 261671.

ARTS

Arts Week

F	S	S	M	T	W	T
28	29	30	1	2	3	4

OPERA AND BALLET

London

Royal Opera, Covent Garden. *La clemenza di Tito*, one of the Royal Opera's most admired Mozart productions of the postwar period, returns with its original conductor, Colin Davis. Stuart Burrows takes the title role, and the cast also includes Carol Vaness, Anne Sofie von Otter and Anne Mason. Peter Hall's celebrated Glyndebourne production of *Albert Herring* is borrowed for a first London showing. *Swan Lake* is danced to Petipa/Ivanov choreography in the production by Anthony Dowell, which is conducted by Mark Ermler.
English National Opera, Coliseum. Josephine Barstow returns for a further series of *The Makropoulos Case*, a Janacek opera in whose leading role she excels. Charles Mackerras, perhaps the world's leading Janacek conductor, also returns to the ENO, and the cast includes Philip Langridge and Donald Maxwell. More performances of the disappointing new *Eugene Onegin*, musically strong (with Jonathan Summers in the title role and Marie McLaughlin as Tatyana) but clumsily staged.

Amsterdam

Muziektheater. Netherlands Opera double bill of Ravel's *L'Heure Espagnole* and Falla's *El Retablo de Maese Pedro*. Kenneth Montgomery conducts the Netherlands Philharmonic, with Anne Howells, Hein Meens, Gilles Cachemaille and Thierry Dran.

Paris

Grand Palais des Champs Elysées. Bejart Ballet Lausanne, a world premiere of *1789 . . . et nous* in the framework ofLa Danse en Revolution (48787515).
Opéra. Tchaikovsky's *Sleeping Beauty* in Nureyev's choreography after Petipa alternating with performances of Busoni's *Doktor Faust* in a co-production between English National Opera and Deutsche Oper, Berlin (47425371).

Vienna

Staatsoper. In repertory: *Moses und Aron* conducted by Horst Stein, with Noriko Sasaki, Anna Gonda, Hans Christian, Peter Jellsits; *La Forza del Destino* conducted by Garcia Navaarro, with a cast including Eva Marton, Waltraud Winsauer, Juan Pons; *Die Zauberflöte* conducted by Nicholas Harnoncourt, with a cast including Luciano Serra, Joanna Borowska, Gabriele Sima and Heinz Zednik; *La Fille Mal Gardée* conducted by Caspar Richter; *Aida* conducted by Garcia Navarro, with a cast including Anna Tomowa-Sintow, Grace Bumbry, Franco Bonisolli. (Tel: 51444. ext. 2660).
Volksoper. The week's performances include *Die Fledermaus, Kiss me Kate, Hoffmanns Erzählungen, Die lustige Witwe, My Fair Lady* and *Die Zauberflöte*. Ballet: *Arthur Schnitzler und sein "Reigen"* (51444, ext. 2662).

Milan

Teatro Alla Scala. Anita Magyari and Alessandro Molin in *Raymonda* with choreography by Juri Grigorovich, conducted by Michel Sasson. Also Antonello Madau Diaz's production of Verdi's *Luisa Miller*, conducted by Zoltan Pesko and designed by Maurizio Balo. The cast is led by Katia Ricciarelli, Paata Burchuladze and Giorgio Zancanaro (80.91.26).

Rome

Teatro Dell'Opera. Beni Montresor's production of Rossini's *Zelmira*, set in the Napoleonic era, sets out to emphasise the grandeur of the music as opposed to the infinite complexities of the plot. (46.17.55).

Venice

Teatro la Fenice. Emil Tchakarov conducting Purcell's *Dido and Aeneas*, arranged by Benjamin Britten, and Stravinsky's *Oedipus Rex* (with text by Jean Cocteau). A fine cast which includes Lucia Valentina Terrani, tenor William Pell, basses Michele Pertusi and Laszlo Polgar and the young soprano Alessandra Ruffini (5210161).

Turin

Teatro Regio. Massenet's *Manon* with the delightful Fiammo Izzo d'Amico in the title role and Mario Bolognese alternating with Mauro Buffoli as the Chevalier Des Grieux (548.000).

Berlin

Opera. Performances now: Theater des Westens: *Der Liebestrank* returns with Jane Giering, Gösta Winbergh, Manfred Roehrl and Ingvar Wixell. *Cosi fan tutte* in *Götz Friedrichs* production, conducted by Heinrich Hollreiser features Angela Denning, Carol Malone, Mariana Cioromila, Keith Lewis and Lenus Carlson.

Hamburg

Opera. Wolfgang Rihm's opera *Die Hamletmaschine*, producedby John Dew is an important contribution to the development of modern opera. *Otello* stars Gabriela Benackova, WladimirAtlantow, Piero Cappuccilli and Hein Kruse. *Fausts Verdammnis* has fine interpretations by Delores Ziegler, Keith Lewis, Franz Grundheber and Harald Stamm. *Don Pasquale* features Hellen Kwon, Giorgio Tadeo and Urban Malmberg. *Manon Lescaut* with Mara Zampieri and Hans Helm rounds off the week.

Cologne

Opera. Cologne honours the great producer Jean-PierrePonnelle, who died last year, by restaging the complete Mozart cycle of seven operas, all produced by him. this week's performances include *Die Hochzeit des Figaro* sung by Claudio Nicolai, Margaret Price, Teresa Ringholz and Anton Scharinger, and conducted by Sir John Pritchard, Also two guest appearances by the Düsseldorf Opera with *Romeo und Julia*.

Frankfurt

Opera. *Rigoletto* is sung by Michal Shamir, Margit Neubauer,Pia-Marie Nilsson and Jurij Zinovenko. *Rusalka* has fineinterpretations by Eva Randova, Clarry Bartha, Manfred Schenk. Allan Glassman and Kristine Ciesinski. Behind the China Dogs has wonderful William Forsythe choreography.

New York

Metropolitan Opera. The final week of the season is dominated by the complete cycle of *Der Ring des Nibelungen* conducted by James Levine. In this ambitious undertaking, Gwyneth Jones sings Brünnhilde, William Johns is Siegfried and James Morris is Wotan. Lincoln Center Opera House (362 6000).

THEATRE

London

Fuente Ovejuna (Cottesloe). Wonderful production of Lope de Vega classic by *Cheek By Jowl* director and designer Declan Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bryden company. May 3-6 (928 2252).
Bed (Cottesloe). Imaginative reverie for old codgers in pyjamas and a sleeping den as big as the Great Bed of Ware itself. The delightful and unusual proceedings are scripted by Jim Cartwright, directed by Julia Bardsley. April 28-May 2 (928 2252).
Hamlet (Olivier). This picturesque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the role. Judi Dench is a muted Gertrude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. May 2-8, 16-18, May 25-June 1 (928 2252).
Single Spies (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a rehash of Bennett's fine TV film *An Englishman Abroad* (734 1166).
M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).
A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stonewalling and no-dealing tricks (930 2578, cc 839 1438).
Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected (834 1317, cc 836 3428).
The Vortex (Garrick). Maria Aitken and Rupert Everett in brilliant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed. A must for yuppies (379 6107, cc 741 9999).
Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).
Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

American Juke Box (Ford's). Music from the 1950s and 1960s is performed by a dozen-strong ensemble directed and choreographed by Edward Love. Ends May 28.
Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 3770).

Chicago

Speed of Darkness (Goodman). The world premiere of Steve Tesich's domestic drama involves the reunion of Vietnam veterans and the havoc it wreaks on a successful South Dakota family. Robert Falls directs. Ends May 20 (443 3800).
Driving Miss Daisy (Briar Street). The relationship between a dowager, played by Dorothy Loudon, and her black chauffeur exposes the changes in the South (348 4000).

Tokyo

Ryvo (*The Dragon King*) Shimbashi Embujoh Theatre (541 2211). Vulgar but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japanese fisherman who join forces to defeat the dragon king, is less important than acrobatics and spectacle. Directed by and starring kabuki showman, Ennosuke Ichikawa, with over 100 members of his own company and of the Peking Opera Company.
Nastasya. Benisan Pit (546 2087). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's *The Idiot*, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando in his first ever male role as Prince Myshkin.
My Fair Lady. Koseininkin Kaikan, Shinjuku (407 8155). Touring production (in English) of the classic musical, with James Harrison following in father's footsteps as Professor Higgins.
The Cherry Orchard (in English). Ginza Saison Theatre (535 0555). Peter Brook's widely acclaimed production was first seen in Jean Claude Carriere's French translation in Paris and later in English in New York.
The Phantom of the Opera. Nissei Theatre (045 903 5701). This excellent production (in Japanese) is a carbon copy of the London original.

MUSIC

London

London Symphony Orchestra. The Art of Itzhak Perlman, conducted by Micahel Tilson Thomas, with Itzhak Perlman (violin). Royal Festival Hall (Fri) (928 8800).
Academy of St Martin in the Fields, conducted by Sir Neville Marriner, with Ann Murray, Margaret Marshall, Alfreda Hodgson, and Robert Tear, performing Berlioz. Royal Festival Hall (Sat) (928 8800).
Royal Philharmonic Orchestra, conducted by Vernon Handley, with Heinrich Schiff (cello). who will be playing Elgar, Prokofiev. Royal Festival Hall (Sun) (928 8800).
London Mozart Players, conducted by Edward Heath and Philip Ellis. Trio Zingara, with Annette Cole (piano), Elizabeth Layton (violin), Felix Schmidt (cello). Barbican Hall (Tues) (638 8891).
City of London Sinfonia, conducted by Ian Watson, with Simon Standage (violin). Bach Mozart, and Vivaldi. Barbican Hall (Wed) (638 8891).

Paris

Nouvel Orchestre de Chambre de Belgique conducted by Jan Caeyers. Mendelssohn, Bizet, Mozart. Salle Pleyel (Tue) (45638873).
Orchestre Symphonique Pro-Arte de Paris. Chouteau, Brahms, Puccini (Tue) Saint-Germain-des-Pres Church (48529885).

Amsterdam

Royal Concertgebouw Orchestra, conducted by Riccardo Chailly, with Lynn Harrell (cello). Wagenaar, Shostakovich, Berio. (Fri).
Netherlands Philharmonic Chamber Orchestra, with Richard Wolfe (viola), conducted by Antoni Ros-Marbà. Cervello, Hindemith, Mozart. Beurs (Thur) (270466).

Vienna

Ensemble des 20 Jahrhunderts, conducted by Peter Burwik. Gal, Zemlinsky, Ullmann, Spinner. Austrian Radio and Television Centre (Fri).
Wiener Hofburg Orchester, conducted by Gert Hofbauer. Konzerthaus (Sat, Wed).
Concentus Musicus, conducted by Nikolaus Harnoncourt. Handel, Bach, Pergolesi. Musikverein (Sun).
Wiener Mozart Philharmonie, conducted by Andreas Mitisek. Mozart, Johann Strauss. Palais Ferstel. (Mon).
Wiener Mozart Orchester, in historical costume. Konzerthaus. (Wed).
Wiener Philharmoniker, conducted by Claudio Abbado. Schoenberg, Brahms. Musikverein (Thurs).

Schwetzinger Festival

Schlossplatz, 683 Schwetzingen. The Schwetzingen Rococo Theatre presents a festival from April 29 to June 9 with a mixed programme of opera, chamber music and theatre. The Cologne Opera is represented by two Rossini operas in Michael Hampe's productions. Berlin commemorates the 125th anniversary of Richard Strauss' birthday with *Ariadne auf Naxos*, produced by Erhard Fischer. Other highlights are lieder recitals by Lucia Popp, Rene Kollo, Eva Lind, Francisco Araiza and Tom Krause. The concerts feature Stuttgart's Radio Orchestra, Virtuosi Saxoniae, conducted by Ludwig Guettler, Württemberg Chamber Orchestra with conductor Jörg-Faerber, Camerata Bern and Haydn's *Die Schöpfung* with Stuttgart's Radio Orchestra under Neville Marriner. Ballet performances and theatre activities round off an interesting programme (06202/4933).

Rome

Quartetto Academica, with clarinettist Vincenzo Mariozzi playing Mozart, Schumann and Brahms. Auditorium in via Della Conciliazione (Fri).
Umberto Benedetti Michelangeli conducting Mozart, with Michele Campanella (piano) and Schubert. (Sat, Sun and Tues) Auditorium in via Della Conciliazione (6541044).
Dur Pianistico Contigugila playing Franck, Schubert, Liszt,Milhaud and Grainger (Wed) (393304) Teatro Olimpico.

New York

Oratorio Society of New York conducted by Lyndon Woodside with Brenda Harris (soprano) and Ben Holt (bass). Orff, N.Tcherepnin, A. Tcherepnin. Carnegie Hall (Tue) (247 7800).
New York Philharmonic conducted by Erich Leinsdorf with Philip Smith (trumpet), Sarah Bullen (harp). Turrin, Ginastera, Brahms. Avery Fisher Hall (Tue) (874 6770).
Vienna Chamber Ensemble with James Levine (piano). Mozart, Beethoven. Carnegie Hall (Wed) (247 7800).
New York Philharmonic conducted by Erich Leinsdorf featuring Dvorak, Husa, and Busoni. Avery Fisher Hall (Thur) (874 6770).
Atlanta Symphony Orchestra conducted by Yoel Levin with Horacio Gutierrez (piano). Paulus, Beethoven, Shostakovich. Carnegie Hall (Thur) (247 7800).

Washington

National Symphony Orchestra conducted by Tamas Vasary with Nancy Crutcher Tunnicliffe (bagpipes). Mozart, Beethoven, Davies. Kennedy Center Concert Hall (Tue) (254 3776).
National Symphony Orchestra conducted by James Conlon. Mahler programme. Kennedy Center Concert Hall (Thur) (254 3776).

Chicago

Montagnana Consort. Mozart, Czerny, Smetana. Orchestra Hall (Wed) (435 0012).

Hamlet

STRATFORD-UPON-AVON

We soon know the kind of *Hamlet* we are to see at the Royal Shakespeare Theatre in Stratford. A strip of Elsinore battlement rises in Act 1, Scene 1, on visible machinery, to give the Ghost a sloping site to walk on. In Scene 2, the big window of the King's chamber is set at a sharp angle to the horizontal. The players wear today's dress, the King in a tight maroon-coloured uniform. (Antony McDonald is the designer.) The Queen is a handsome woman of under middle age. Polonius wears a grey lounge suit; when he speaks, he sounds entirely competent. Hamlet is wearing a long black overcoat, and sits on a square brown suitcase. Wherever we are, it is not 11th-century Denmark.

The director, Ron Daniels, did a similar *Hamlet* at Stoke-on-Trent in 1970, and there has been no perestroika in his half-fascist state. What he has now, though, is a more eccentric Prince. Mark Rylance as Hamlet gives his first soliloquy, "O that this too too solid flesh," with his back to the house. It is virtually the last speech he has before he puts his antic disposition on, and it sounds well. He cuts a good figure on the battlements, too, where the Ghost (Russell Enoch) has a threatening manner suggesting the true nature of the former king. But once Hamlet has decided to pretend madness, he plays it consistently even as far as his final bout with Laertes.

I cannot see him as "the expectancy and rose of the fair state." He is an angry young man with a grudge, not a prince. In this character he is interesting but unsympathetic. He spits in Ophelia's face when he berates her for her makeup; he is harsh with the Third Player when he gives his ideas on acting. From "To be or not to be" onwards he wears pyamas until he comes back from sea; when Rosencrantz and Guildenstern first meet him, he is lying on the floor weeping.

He will joke about anything he can. He mocks the "rugged Pyrrhus" lines he gives to the First Player (Russell Enoch again, and very good too). The Players give *The Murder of Gonzago*in a novel guise; after the dumbshow (played in a thunderstorm) the murder is done with the king on a double bed that will later serve for Gertrude's closet, although he has claimed to be sleeping in his orchard and Hamlet has told Ophelia that he is murdered in his garden for his estate.

Patrick Godfrey's Polonius is deprived of half his speech to Reynaldo. He is not "that great baby" at all, but a dignified chief minister to the King. He retains the "more matter, art" that the Queen complains of, but speaks as if he were saying something wise. Gertrude (Clare Higgins) is very short with him, and later is anything but motherly with her son; but this is easy to understand. Hamlet has killed Polonius on her bed and the sheets are covered with blood. Rebecca Saire's Ophelia comes from the same Pont Street school as Gertrude, but she crumbles into truly pathetic madness.

Claudius (Peter Wight) gives the impression of a softie with more ambition than he can cope with. When he calls for his Switzers to guard his door, he is really scared. He may

Alastair Muir

Mark Rylance

well have been scared when he makes his useless prayer, too, and so he should be, for Hamlet has crept into his room and almost closed his fingers round his neck, though quietly enough to depart without any encounter.

The fencing in the last scene is good, though even here Hamlet lowers his rapier and makes fun of John Ramm's manly Laertes. Horatio (Jack Ellis) is always Hamlet's superior both in size and confidence, and one felt that he should have entered the election against Fortinbras. I thought it a mistake to keep the action going after Fortinbras has said "Let the soldiers shoot."

This production has already been on tour and will do so again in the autumn. It is a useful piece for collectors of Hamlets, but I wouldn't rate it higher than that. It is sponsored by Royal Insurance.

B.A. Young

A taste for Islam

Denys Sutton reviews "A Jeweller's Eye" in Washington

One of the most endearing figures in fiction is Charles Swann, the aesthete and man of the world whose depiction by Proust incarnates the spirit of the Parisian amateur of the *fin de siècle*. This man of leisure saw life in terms of art and, characteristically, he found a prototype for his mistress, Odette, in a painting by Botticelli. He adored Vermeer and Corot.

The French painter also won the affection of Henri Vever (1854-1942). He was not a well off dilettante like Swann, but a distinguished Paris jeweller who was able to indulge his passion for collecting. He had started by buying French painting, Corot and the Impressionists, notably Monet, Renoir, and Sisley. He himself loved to paint landscapes in the manner of Corot which he would do at his wife's country house, the Château de Noyers.

His jewellery shows that he was a gifted craftsman in the Art Nouveau style and his natural taste for elegance and design made him particularly responsive to the decorative appeal of Japanese prints, which had appealed to Edmond de Goncourt and others in the latter part of the 19th century.

In their admirable and attractively produced catalogue of the exhibition, *A Jeweler's Eye* . . . at the Arthur M. Sackler Gallery, Washington DC, Glenn D. Lowry with Suzanne Nemazee provide valuable details about Henri Vever's association with fellow connoisseurs such as Charles Gillot and his participation in the dinners generally given at the restaurant Cardinal by Les Amis de l'Art Japonais. Vever had the means to build up a huge collection of Japanese prints, many of which were sold to Kojiri Matsukata in the 1920s; the remainder were dispersed at Sotheby's in 1974-76.

In the 1890s Vever's taste changed. He sold his collection of modern French art in 1897 and devoted his efforts to acquiring Islamic art. He and his wife had visited Samarkand and other Islamic cities and seen the Persian exhibition in Paris of 1893. This was a propitious period for the art buyer as it witnessed the gradual collapse of the Qajar and Ottoman dynasties.

Islamic art, especially that of the book, became fashionable with several outstanding collectors such as Baron Henri de Rothschild. Vever acquired paintings from Michel Manzi, a friend of Degas, and above all from Georges Demotte. Indeed, the catalogue prints informative documents about the commercial relations between the two men.

The taste for Islamic art accorded with the times to a greater extent than is often realised. Henri Matisse was bowled over by the famous Islamic exhibition held at Munich in 1910, while a leading *haute couture* designer, Paul Poirot, created Persian-style dresses for his clients. It is a trend that was symbolised by Diaghilev's ballet *Scheherezade* with music by Rimsky-Korsakov and designs by Bakst. When I saw it as a young man at Covent Garden performed by the De Basil Company seemed to me the epitome of exoticism.

Henri Vever's knowledge of Islamic art was considerable, and he collaborated with Georges Marteau in writing the catalogue of an exhibition of Persian miniatures held at the Musée des Arts Décoratifs in Paris in 1912. His own collection grew rapidly and some of his works were seen by Basil Gray, then of the British Museum, before the Second World War. I, too, recall the works lent by Vever to the Iranian show at the Bibliothèque nationale in 1938.

Then the collection vanished. It surfaced only in recent years when it was acquired by the Arthur M. Sackler Gallery, Washington D.C. The present show consists only of a selection of major items from a collection which numbers over 500 pieces and presents a general view of the art of the book in Islam.

This beautiful exhibition helps to explain the appeal exerted by Persian miniatures on connoisseurs such as Bernard Berenson: affinities may be perceived between the precious qualities of such illuminations and Italian gold ground pictures. It was one of the achievements of Berenson, a true Bostonian eclectic, to observe the relationships between the arts of different cultures.

The variety of Islamic book decoration is considerable. It ranges from the refined abstract designs of illustrations of the Koran and powerful figures used for medieval treatises to narrative scenes from poems such as the pages from the famous *Demotte Shanname* of the mid-14th century. The appeal of the double-page illuminated frontispiece for the *Khamsa* made for the brother of a mid-16th century Shah to a jeweller such as Vever is obvious.

These manuscripts introduce us to a refined and idealised world in which princes and their attendants revel in a life of ease as in the page from the *Mathnawi* of Jalaluddin Rumi (c. 1458-59). The figures who inhabit these miniatures recall those found in medieval French tapestries or the paintings of such Nabis as Maurice Denis. A life of silken dalliance is wonderfully conveyed in the *Reclining Prince* attributed to Aga Mirak (c. 1530). This is an art in which illusion is the keynote; as such it appeals to the aesthetic in the tradition of Swann.

Alastair Muir

"The Reclining Prince," attributed to Aga Mirak (c. 1530).

The Doctor of Honour

DONMAR WAREHOUSE

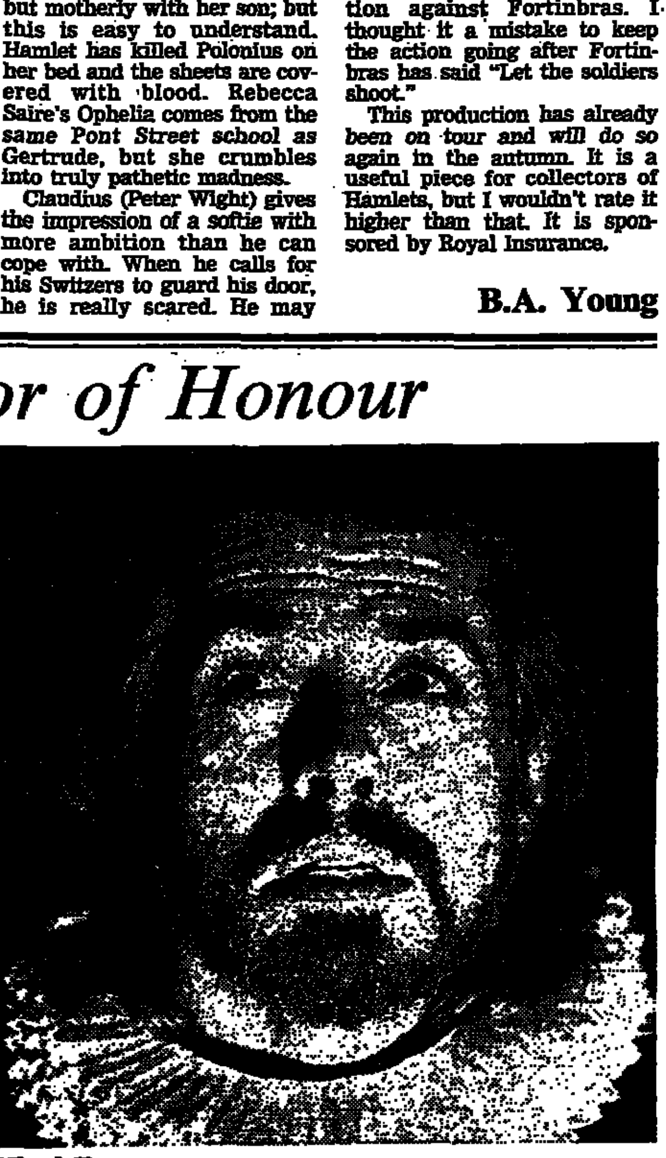
The title of Calderón de la Barca's sensational 1635 thriller is not a reflection of the main character's social or academic status. Don Gutierre is a surgeon of his own honour, a psychopathic avenger of his wife's supposed adultery with the King's brother.

In an extraordinary climax, the innocent Doña Mencía is bled to death, Don Gutierre is vindicated by the King, and the grievously wronged Doña Leonor is consigned to married life with the man who ruined her.

How much we owe Cheek By Jowl for presenting this British professional première, playing at the Donmar Warehouse in Covent Garden until May 13, is underlined by the fact that Roy Campbell's superb translation (much better, for instance, than Adrian Mitchell's of *Fuente Ovejuna* at the National) has been sitting around for over 30 years. The text is both barbarous and supple, and accurately conveys Calderón's rich metrical variety.

This is the first Cheek By Jowl production not to be directed and designed by the founders Declan Donnellan and Nick Ormerod. Lindsay Posner has done a fine job of activating the glittering nastiness of the piece, though I feel the permanent presence on upstage seating of the cast of nine smacks more of scenic gimmickry than of interpretative necessity.

The design of Julian McGowan is a black and white chequers board with a lone stumpy tiled obelisk to signify a wall, a castle, and a place to plant the bloody hand of death. This play, one of three controversial "honour-tragedies," is



Nigel Terry

much obsessed not only with the Spanish Golden Age notion of honour, but also with liege loyalties, the property value of relationships in the home and the state. "Do you own this house?" asks the Prince of Doña Mencía. "No, but its owner owns me,3 she replies.

The cold exploitation of these ligatures, ranged against our deeper sympathetic promptings, combines with the profundity of poetic expression to create fine drama. Nigel Terry gives one of his most austerely sinister performances as the cruel Don, while Michelle Fairley as his wife beautifully suggests how she might have kicked up her heels for Don Henry (Neil Pearson) had honour not forbidden her love.

A good cast includes a comically absolute monarch from William Hope, a wronged supplicant of resonant dignity by the richly talented Claire Benedict, and a marvellous Brummagen clown by Mark Williams. The costumes are rich and fine, the lighting (by Rick Fisher) a delicate essay in chiaroscuro. Only the physical, gestural scale, is wrong. The returns of intimacy are diminishing while the best of Cheek By Jowl is now exploding into larger arenas.

Michael Coveney

Mark Morris's "Mythologies" in Brussels

Loud boos competing with cries of "Bravi" and "Bis." "Go home, Mark Morris" said *Le Soir's* front-page headline after the première of this choreographer's trilogy *Mythologies* at the Cirque Royal last week. "Stay, Mark Morris," said the headline of a Flemish newspaper's editorial the next day. The same newspaper (in *Le Soir*, the same critic) had held the reverse positions five months ago with Morris's new *L'Allegro, il Penseroso ed il Moderato*.

On the surface of it, *Mythologies* – three "dances on essays by Roland Barthes" – is nothing like *L'Allegro* or any of the other sophisticated dance-and-mime watertight constructions that Morris has shown in this first season, each a response to an existing musical score. Most of *Mythologies* would not conventionally be called dancing, and some of its commissioned score by Herschel Garfein would not conventionally be called music.

The three pieces are *Soap-Powders and Detergent*, *Strip Tease* and *Championship Wrestling*. "What peculiar subjects for a choreographer," you think. Peculiar subjects for an essayist, for that matter; Morris and Garfein share Barthes's ironical appetite for mass culture. This is a side of Morris new to Brussels, but related to pieces he showed in London at The Place in 1984 and 1985 – *Lovey, Deck of Cards, Songs that Tell a Story*. All three are, in dance and music, odd, fragmentary distillations of their subject matter. Each has a time structure and stop-start non-cumulative rhythm that don't make neat entertainment. They're based on an appointedly American set of ironies, to which I only gradually became accustomed. They're unmistakably danse-théâtre-vérité.

Soap-Powders and Detergents, the "danciest," steers a tricky course between a serious dramatisation of TV-ad material (Mrs R. Michaels of Joliet, Illinois, deprived of her Era detergent for three weeks) and group dances that suggest the cleansing agent, the lather and the engine of the wash. *Strip Tease* has none of the glamour or steady crescendo that makes striptease a conventional bourgeois entertainment; but its eight specialist strippers (the winsome bride with bouquet, the sour black-leather girl with crash-helmet, the black transvestite in devil's costume with fork and tail, the blithe denim-clad stud, and more) indicate all manner of kinkiness en route to the last G-string – and beyond. *Championship Wrestling* gives you wrestling without competition or suspense; it is wrestling's flamboyant hard core – all posturing and brutal, violent gluttony-for-punishment.

All three are essays in irony: you're never allowed one simple reaction. Just as the wrestling makes you think "How ludicrous," you think, too, "How real." There is high poetry in the banality of the wash, poignant drama in the Era-bereft women of Joliet, Illinois. The strippers' lewdness is appalling and irresistible at one and the same time. And yet, irony is not the eventual point – honesty is. The final, frank nudity of the strippers, the radiant clean-sheets tableau that climaxes the wash-tub's long travail, and the wrestlers' last exhausted collapse take us beyond the mix of feelings we have had so far.

The virtuoso choreographic high-point comes in *Championship Wrestling*: a slow-motion fight between two women, each delivering kicks, scratches, locks and punches that send the other flying. This recalls the anger and beauty of the slow-motion fight in Twyla Tharp's *Short Stories*. Here, each woman is supported by four dancers, like Bunraku puppeteers, and the slow-travelling falls, recoils, assaults and pounces have a cartoon's delicious violence – and a dreadful glamour also.

But you have to be prepared for the ambiguity of your own reactions to enjoy this or any of *Mythologies*. My first reaction was to note that its 20-odd dancers are among the most uninhibited, physically and emotionally, to be seen anywhere today. Though *Mythologies* makes demands on them quite unlike this season's other works, it was through concentrating on these performers that I saw how well the Barthes trilogy rounds off the grand plan of Morris's first season in Brussels and confirms my belief that he is the finest choreographer now working in Europe.

Alastair Macaulay

Acis and Galatea

WIGMORE HALL

To open this year's Stefan Zweig series of concerts the British Library chose one of the large number of Handel works for which it is guardian of the autograph score, the English masque *Acis and Galatea*. The exact nature of the first performance of the piece is unknown, but research has suggested that it was performed by a small chamber ensemble and, to further the historical link, that was how it was done here.

The benefits can readily be guessed at. Experience of period performance style has prepared us for extra clarity of sound and that was doubly assured in this case with the Westminster Baroque Ensemble under Martin Neary numbered the minimum seven players. The "trilling strains" of the sopranino recorder in duet with Nancy Argenta made a most attractive start for Galatea's first aria, and similar pleasures were to follow.

It was perhaps a shame that Wednesday's performance did not then follow its mission through and give us some simple form of staging, as Handel probably intended for this little opera. Nevertheless, the temperature rose decisively in the second half with the entry of Polyphemus and a splendid singing actor in David Thomas. To hear his black, menacing bass tripping daintily over the semiquavers in "O ruddier than the cherry" was a Handelian delight of the first order. He also made every word clear in the alternative text to his second aria, where Handel set lines of the most blatant male chauvinism.

The exemplary focus found in the voices of the soprano and bass was not quite equalled in the two tenors, though Joseph Cornwell's Damon had an unexpected facility in coloratura and Martyn Hill as Acis rose to a fine, strong "Love sounds the alarm". Tempi were mostly brisk, the sprightly Presto for "Happy, happy we" a few notches up from Sutherland and Pears in their old recording, which is now quite a period piece in its own right.

Richard Fairman

ARTS GUIDE

April 28-May 4

EXHIBITIONS

London

The Royal Academy. The Royal Treasures of Sweden 1550-1700. An exhibition that sounds somewhat dry and daunting but is in fact a wonderful spread of riches, beautifully presented, trophies drawn from across the whole of Europe in the time of Sweden's abrubt emergence as a European power. Daily until June 18; sponsored by Gamlestaden.

Liverpool

The Walker Art Gallery. La France: Images of Women and Ideas of Nation – second showing of the South Bank Centre's bicentennial celebration of the Revolution. But even so it is a generous and affectionate tribute to Britannia's difficult neighbour. The exhibition remains is on Merseyside from May 3 to June 11.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue. Late opening night Wed. Ends June 26 (42895410).

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.

Centre Georges Pompidou. Yves Saint-Laurent. Fashion photographs. Ever since he launched the ideal of a dynamic, modern woman, the great couturier has been helped in his enterprise by top professionals who translated into images the dreams of exoticism and the seduction of cool, distant perfection. Ground floor, Galerie du Forum; closed Tue. Ends May 22 (42771233).

Musée des Arts Decoratifs. The intimate world of Alexander Calder, some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Ends May 21. Closed Mon and Tue (42603214)

Musée de Cluny. Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Amsterdam

Stedelijk Museum. The first major retrospective of the work or Kasimir Malevich combines loans from leading Soviet galleries with the famous holdings of the host museum. Ends May 28.

The Hague

Museon. The World of Anne Frank sets Anne's life in the context of her time with more than 500 photographs and a video show. Ends May 28.

Brussels

Musées Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. End on May 14 (733 9610).

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. Ends May 28.

Schirn Kunsthalle und Kunstverein, Am RömerbergProspect 89. Peter Weiermair director of Frankfurt's arts association has again chosen a wide variety of artists with around 80 painters and sculptors from 15 different countries for this year's Prospect 89. Ends May 21.

Berlin

Fritz Koenig. 35 sculptures worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akademie der Künste, Hanseatenweg 10.

Frankfurt

Kunstmesse. Ludwig Erhard-Anlage 1 (Messegelände). Frankfurt's first international art fair from April 21 to 26 will be presented in Helmut Jahn's newly built hall No 1. with 205 seperate galleries on two floors of the impressive building.

Cologne

Bilderstreit. Rheinhallen der Kölner Messe, Messegelände. Deutz. The two organisers Johannes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about contemporary art". Ends July 2.

Vienna

The Bawag foundation, run by the Bank für Arbeit und Wirtschaft in the heart of Vienna is exhibiting works by the young Austrian painter, Kurt Welther. One of his hallmarks is his sympathetic evocation of provincialism. Ends May 6.

Rome

Accademia di Spagna. The Mirós of Miró: More than 100 works by Joan Miró, including ceramics, drawings and watercolours and oils, which had been kept in the artist's studio in Majorca until his death in 1983. Until June 4.

Venice

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends withtwo blown-up stills from films by Visconti and Rossellini. Ends Nov.

New York

Whitney Museum. The 65th in the long series of Annuals and Bienniales features a large group of lesser-known artists among the 80 represented on three floors of galleries. Ends July 9.

Metropolitan Museum of Art. Goya and the Spirit of Enlightenment explores 160 of the artist's works in relation to his impact on contemporaries and the rationalist modernisation of Spain. Ends July 16.

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.

Washington

National Gallery. More than 160 objects from the Fitzwilliam Museum in Cambridge include paintings by Titian, Guercino, Rubens, Van Dyck and William Blake. In addition illuminated manuscripts, ceramics and bronzes show off a collection that is considered "perhaps Britain's pre-eminent museum." Ends June 18.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Screen Paintings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Landscape, birds and flowers are among the favourite subjects and this exhibition includes works by such masters of the genre as Sesshu and Kano Motonobu. Closed Mondays.

National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance as well as to present the architecture of the Vatican itself. Closed Mondays.

National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist, attractively arranged by subject matter (monsters, angels, apparitions etc) rather than chronologically. Most of the works are from public collections in Japan or from the Ian Woodner Family Collection in New York. Closed Mondays.

Hara Museum, Kitashinagawa. Hara Annual IX. Recent works by ten young and upcoming Japanese artists: an opportunity to view trends and developments in contemporary Japanese art. The museum was renovated recently in anticipation of its tenth anniversary. Closed Mondays.

SALEROOM

Shaw and Kaye ham it up

A ten minute film recording the unlikely meeting between George Bernard Shaw and the comedian Danny Kaye at the writer's Ayot St Lawrence home in 1949 sold for £20,900 at Christie's South Kensington yesterday. The encounter was captured by Jospeh Frieze of Peak Film Productions and both parties hammed it up for the camera, Shaw pretending to creep up behind Kaye to give him a hearty slap on the back. The buyer was a collector of Shaw memorabilia.

Stan Laurel's bowler, which he gave to the doorman of the London theatre where he appeared in 1947, sold for £9,350, double the top estimate.

Moët and Chandon, the champagne house, was a keen bidder at Sotheby's in Chester yesterday when it paid £44,000 for the ultimate in kitsch, a painting of liveried servants in some mythical bishop's palace in 19th century France toasting his eminence in his own champagne, and in his presumed absence, when he is actually peering round the door. It paid double the estimate for the picture by Francois Brunery because the merry crew are drinking Moët and the company already owns a companion piece.

The Sotheby's London silver sale brought in £726,066 with 18 per cent unsold. A Charles II sideboard dish, dated 1675, made the top price of £66,000, but more interesting was the £23,100, at the bottom of the estimate, paid for an Elizabeth I tigerware jug, the pottery of German origin but the silver mounts English and possibly made by Henry Gillard in London in 1567. A similar jug from the same vendor went below forecast at £19,800.

The sale contained some silver from St Martin's in the Fields, which the church had sold off in the same room in 1973. Then, a Charles I silver gilt communion flagon, dated to 1634, sold for £4,000: yesterday, Koopman paid £15,950 for it. A pair of George I flagons which realised £3,000 sixteen years ago had appreciated modestly to £8,220.

A collection of around 100 architectural and ornament drawings formed about 1700 by William Talman and his son John, mainly acquired in Italy, made £88,000, also at Sotheby's.

For over 30 years Fabergé has been keenly collected, but there has been little information about the operations in the workshops. Christie's yesterday disposed of 128 lots of studies of Fabergé objects and brought in £230,439 with only 5 per cent unsold. Top price was the £18,700 paid by Wartski for 16 sketches of dishes, vases and bowls.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700
Friday April 28 1989

Regimenting UK science

THE BRITISH Government, like its counterparts in other industrial countries, recognises its obligation to support basic and strategic scientific research. The best way of channelling public money to scientists, however, has become a matter of vigorous debate.

At present, the main sponsor is the Department of Education and Science. Researchers get money in two ways. They have a call on universities' general income, most of which takes the shape of publicly-funded block grants distributed by the Universities Funding Council. Secondly, they can apply for direct grants from five separate research councils.

Two radical proposals for reform are being debated. The Advisory Board for the Research Councils is considering a proposal to abolish the individual research councils and replace them with a single "super" research council. This would allocate funds across the whole spectrum of hard and soft science – from nuclear physics to sociology. At the same time, ministers are finalising plans to separate the funding of university teaching and research. Under present arrangements, institutions decide how to allocate block grants between the two activities.

Advocates of a super research council argue that strict demarcation lines in science no longer make sense. Much work is now "inter-disciplinary". The treatment of biological research is seen as particularly perverse – at least three of the councils have an interest in it. A super council, along the lines of the US National Science Foundation, is also regarded as a way of raising the profile of science within Whitehall.

Containing costs

The separation of the funding of teaching and research is seen as a way of increasing the accountability of universities and ensuring that money intended for research reaches its destination. But it would also give ministers the means to contain the costs of an expansion of higher education. At present a rise in student numbers translates into more cash for both teaching and research. With separation of funding, ministers could ensure that only the teaching budget rises. The reform could also facilitate the creation of several tiers of universities. A super league would get generous research funding, but less illustrious institutions might get a budget that financed only the bare minimum of scholarship.

The combination of undifferentiated block grants and an assortment of overlapping and sometimes fractious research councils may look like a classic British muddle. Yet such policies have worked surprisingly well in the past. The UK has a much better record in scientific research – if not in the industrial utilisation of science – than most other countries of comparable size.

Creative activity

One reason is that scientific research is an unpredictable, creative activity. Breakthroughs are frequently made by individuals working alone or in small groups. The big heavily-funded teams of scientists assembled to crack difficult problems – such as nuclear fusion – often get nowhere. It is worrying, therefore, that the Government's top advisers favour a technocratic approach to science that is reminiscent of industrial policy in the 1960s. The emphasis today is on selective funding (code for picking winners) and the concentration of resources (code for big is beautiful). There is also a conviction that projects must be more tightly managed from the centre.

A super research council and a clean division between the funding of teaching and research would make such policies easier to implement. But they would also constitute a centralisation of power and a reduction in the diversity of funding sources. The chief executive of the super council would have excessive powers of patronage: a little competition between separately funded councils is no bad thing. Nor is it necessarily wrong to give universities a block grant and leave vice chancellors free to determine how it is allocated between research and other uses. The danger is that the changes envisaged will reduce the autonomy of scientists. This would do nothing for their creativity.

Jordan after the riots

THE SEQUENCE of events in Jordan this month comes as no surprise to those familiar with bread riots in the Third World.

A government belatedly confronts an economic crisis caused by overspending and a shortage of foreign exchange; it implements a package of reforms, including an increase in consumer prices to more realistic levels, as often as not after striking a deal with the International Monetary Fund (IMF); riots break out and the country's stability is called into question before order is restored.

It happened in Egypt in 1977, in Sudan in 1985, in Zambia in 1986, and to some extent in Algeria in 1988. In all these cases, the trouble is attributable at least as much to defective political systems as to straitened economic circumstances. The riots which began in the poorer towns of southern Jordan were prompted by the higher cost of fuel and other goods and services, but the causes and effects were much the same.

Some Jordanians will blame the IMF, while those in authority have hinted darkly that the rioting was co-ordinated by unseen enemies. The truth is more straightforward. In the months before the disturbances the government reacted slowly to the warnings of economists, although the decline in foreign aid and Jordanian workers' remittances from the Gulf oil states demanded a dose of austerity. At the same time, King Hussein ignored warnings that Mr Zeid Rifai, his Prime Minister, was unpopular and perceived to be corrupt. It was only after the riots in which at least eight people were killed that Mr Rifai resigned.

Serious mismatch

Throughout the difficult times of the past year, the government, far from encouraging a free debate to find a way forward, has emasculated the media and left many Jordanians in the dark about the seriousness of the problems facing their country. Even if Jordan remains considerably more liberal than some of its neighbours, the country shares what is turning out to be one of the Arab world's most pressing problems – a mismatch between economic progress and political development.

The fact that a sophisticated economy sits uneasily alongside an archaic or authoritarian political system is of little immediate consequence in Gulf oil producing countries with small and therefore wealthy and satisfied indigenous populations. But in Jordan, as in Algeria and much of the rest of Africa, it is becoming obvious that successful economic management ultimately requires explanation, discussion and consultation – in short, some kind of democratic process. Mr Mikhail Gorbachev has realised as much in dealing with his own country's problems.

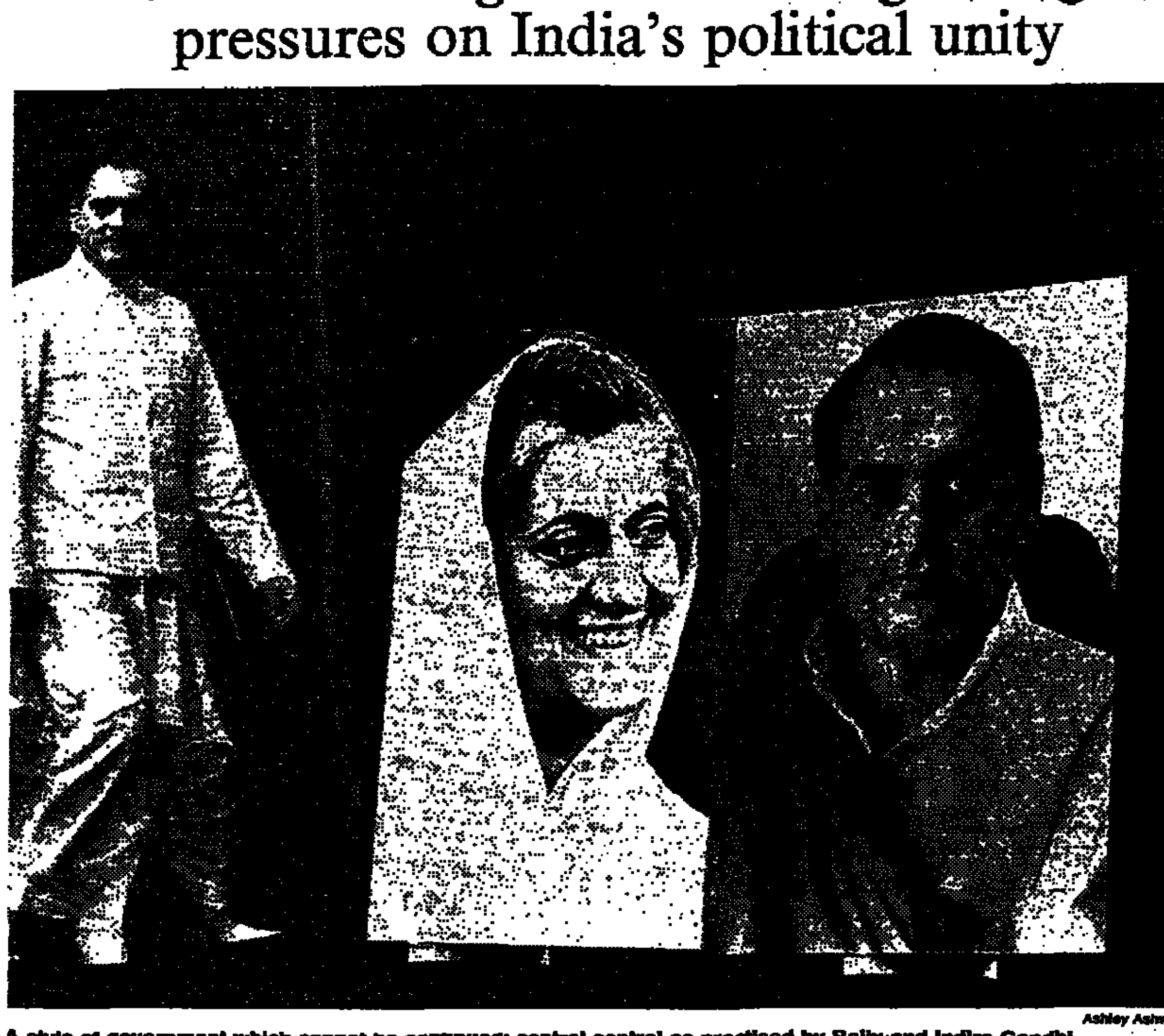
Economic reforms

There are signs that King Hussein, still popular at home, is now conscious of the mood of his subjects. Both he and his brother, Crown Prince Hassan, have spoken of the need for parliamentary elections and a broader public debate, while wisely insisting that Jordan must pursue economic reforms to reduce its dependence on foreign aid.

King Hussein's allies in the West and his Arab neighbours have every reason to encourage stability in Jordan, which by virtue of geography and diplomacy remains an important player in the Middle East peace process. Their first response is more likely to be in the form of increased financial assistance than political advice.

But they should know that following the riots, groups as far apart as Communists, Islamic fundamentalists and middle class professionals have emerged from the shadows and called for the revival of political freedoms. Since the 1967 Arab-Israeli war, Jordan has had no general elections and the parliament has become a token institution. Its lower house was dissolved last summer. The end of the riots is a good opportunity for the King to reverse Jordan's recent drift towards authoritarianism and revive the parliament as a forum for open discussion, even if he keeps a firm grip on the reins of power.

David Housego looks at the growing pressures on India's political unity



A style of government which cannot be continued: central control as practised by Rajiv and Indira Gandhi

Ashley Ashwood

A weaker rule for Mrs Gandhi's son

India is a country that has never lost the fear that its unity and democratic institutions could fall apart under the pressures of its own internal problems.

Prime Minister Rajiv Gandhi raised the cry of the nation in danger earlier this month – staking out what will evidently be a major theme of his election campaign – when he accused the Opposition of being allied to extremist forces that threatened its break-up. Linked to this was the announcement that five more Sikhs are to go on trial accused of involvement in the murder of Mrs Indira Gandhi in 1984 as part of a wider conspiracy to destabilise the country.

"The major threat to contemporary India comes from the forces of narrow-minded chauvinism," President R. Venkataraman declared when opening the current session of parliament. "Chauvinism takes many forms," he added, "religio-fundamentalist, communalist and casteist, regional and linguistic." Thus, in the same brush-stroke, he gathered up the problems of Sikh terrorism, of Hindu-Moslem communal riots, of the pressure for more autonomy among the states, and the often violent clashes between landlords and landless in north India.

In an election year, when neither Rajiv Gandhi's Congress party nor the opposition National Front are certain of victory, the strains seem certain to increase as both sides seek to exploit regional, caste and communal pressures.

But too apocalyptic a reading of the dangers which India faces obscures a more fundamental point: that the strains are producing significant changes in the political fabric of the country and the way in which India is governed. Whichever party wins the general election due before the end of the year, it is becoming increasingly clear that the Nehru-style of government is in a terminal phase.

The 1980s have seen the emergence and strengthening of a number of trends. The first has been a decline in the power of central government. At the time of independence, the Indian civil service had almost omnipotent authority over a population of less than 300m. Its procedures and organisation have changed little, though its responsibilities have probably grown. Meanwhile India's population has almost tripled to over 800m. The service is thus overstretched, increasingly ineffective at implementing policies, and demoralised by the sharp growth in corruption.

Recently, the government – which has traditionally taken the lead in economic development – has had its authority further eroded by its difficulty in financing expenditures. Central government debt tripled between 1982 and 1987 to Rs 1,642bn (£61bn) and is still rising fast with interest payments last year absorbing 22 per cent of tax receipts. The Ninth Finance Commission, which arbitrates over the allocation of resources to the states, recently warned that the government faced "fiscal collapse" (a euphemism for bankruptcy) over the next few years.

A second trend has been the continuing disintegration of the Congress party. It has long ceased to have the popular appeal that enabled it to mobilise a majority behind an ideology or political platform. It is now held together largely by the prospects of jobs and patronage. The recent revolt by Congress legislators in northern states like Bihar, Rajasthan and Madhya Pradesh has essentially been over the division of the spoils.

The Congress party was further weakened by Mrs Gandhi's centralising of power in the Prime Minister's hands as a way of curbing her critics. The result has been, as one wag puts it, that "democracy has been preserved for the country but not the party." With the rank and file having virtually no say in how it is run, Congress lacks grass roots.

While Mrs Gandhi and Rajiv carried on winning elections, the party's provincial leaders acquiesced in this system. But since Mr Rajiv Gandhi's defeat in the Tamil Nadu state elections in January, they are no longer sure he can win. The unprecedented revolt of provincial legislators that followed was the sign of their disillusionment.

The third trend to emerge is a new dynamism in the Indian economy which has come from the middle class and the private sector. Depending on definitions, the middle class numbers between 100m-200m. They have the skill and funds (much of it "black money") to generate continuing higher economic growth. They are the group most critical of the "bureaucrat-politician state" to which Nehru gave his blessing. They also provide much of the ballast for holding India together in that they have most interest in strengthening a single market.

But the market economics that enabled higher growth rates in the 1980s have also widened disparities of wealth between regions, communities and classes. Bombay and India's west coast are prospering in a way they have not done since independence. But in Bihar and much of the Hindi-speaking belt of northern India, unemployment and poverty continue to worsen in absolute terms – a victim of that familiar equation by which small gains in agricultural output are overwhelmed by more rapid growth of population.

It is against this background of increasingly remote national institutions and parties that loyalties to region, caste and religion have grown stronger. Politics has become more fragmented and localised. Local movements have sprung up to articulate and exploit grievances, and populism has become more widespread.

In the north, there have been powerful farmer lobbies like that under Mahendra Singh Takait which staged a mass rally in Delhi last year. In the west, Bal Thackeray's Shiv Sena Hindu extremist movement has exploited the discontent of unemployed youth on a platform of anti-Moslem sentiment and preserving jobs in Maharashtra for the Marathis.

Some groups are quite small, such as the Bodo separatist movement in Assam or the new militant organisation seeking statehood for the Jharkand tribal lands in Bihar. Others like the Sikh terrorist movement in the Punjab, combining regional demands and religious fundamentalism, have strained national unity more than at any time since independence.

The common thread behind this agitation is the competition for scarce jobs and resources in a society where old hierarchical structures restricting change of work or workplace have given way to much greater mobility. Whether it is the revival of Hindu militancy, or the landless in Bihar enrolling in the Marxist Indian People's Front, economic pressures have had a major hand in reshaping the political landscape.

In this more fragmented picture, regional parties have struck the deepest roots. Following the Tamil Nadu state assembly elections in January, the whole of south India has slipped out of the control of Congress administrations – reflecting the south's disillusionment with the rule of Hindi governments from the north. Two states, Tamil Nadu and Andrha Pradesh, are ruled by explicitly regionalist movements.

More surprisingly, a sense of regional identity is also beginning to take hold in eastern India, where states like West Bengal, Bihar and Assam, share a common belief that they have lagged behind economically because of neglect by central government. One recent sign of this was the setting up by Mr Jagannath Mishra, a former Chief Minister of Bihar and a disgruntled Congressman, of a Bihar regionalist movement, the Bihar Jan Vikas Manch – even though Bihar forms a central part of the northern Hindi-speaking belt.

Within the Congress party, baronies are springing up, as in Maharashtra under Chief Minister Mr Sharar Pawar – in part in response to the inroads made by the Shiv Sena.

Regional pressures are seen in Delhi as imposing the most insistent strains on unity. But communal conflicts have been more violent. The Hindu-Moslem riots in Meerut, Moradabad, Delhi, Kashmir and Bombay during the 1980s have probably been the worst since Partition.

One reason for the growth of communal tensions is a weakening of the state's commitment to the secularist ideals which prevailed after independence. Both Sikh and Moslem minority communities complain that government no longer provides them with support. Moslems, who account for about 100m of the population, feel discriminated against over education, jobs and in the attitudes of the police. They compensate for what they regard as their second-class status by emphasising their religious and cultural identity through continued use of Moslem personal and family law. They have also become more assertive as a community with the spread of Moslem fundamentalism from the Middle East.

Hindu irritation with this has helped boost the growth of Hindu extremist movements such as the Shiv Sena, the RSS or the Vishwa Hindu Parishad. These blame India's official secularist philosophy for governments pandering to Moslem sentiments. They want to see Moslems compelled to practice family planning to cut the higher Moslem birth rate. Hindu annoyance also emerges in the impatience of educated, middle-class Hindus with what they see as the backward-looking attitudes of the Moslem community, which they see as a brake on India's development.

Loyalties of region and religion in much of rural India are superseded by loyalties of caste and class. In northern India conflicts have probably grown in intensity but their character has changed. Caste distinctions such as that preventing Harijans (untouchables) from drinking at the wells of Brahmins have diminished in importance. Instead economic divisions based on class – between wealthy landlords, a new assertive group of peasant farmers and the landless – have grown in strength.

Conflicts are often more violent because social mobility is greater – as is competition for work and scarce resources.

More fragmentation and fluidity in Indian political life does not mean that the union will fall apart or India's democratic institutions collapse – though inevitably Mr Gandhi will play on these fears in his election campaign. But it does mean that India will be governed differently. Already national political parties increasingly resemble coalitions of shifting interest groups. The newly formed alliance of opposition parties, the National Front, is explicitly this – bringing together regional movements, farmers' lobbies, socialists and Marxists in a party that has difficulty in defining a common platform and which could easily tie up with Hindu communalist movements.

Congress is also increasingly an umbrella organisation embracing divergent interests. Thus defections between one main party and another become possible, with the prospect that if either has a slim majority after the election a coalition government could come to power.

In such circumstances, the pressures eroding the Nehru-style of administration will continue to grow. Central governments will be under pressure to yield more power to the regions and the private sector. It is hard to see how the next Prime Minister – whether Mr Gandhi or somebody else – will regain the grip over the administration or the party apparatus that Mrs Gandhi once had. An important element for the future is that the changes do not necessarily mean that economic growth will suffer. The economy has developed a momentum of its own that could survive weak leadership. Indian businessmen are remarkably indifferent to what they see as the theatricals in New Delhi.

OBSERVER

A Royal slip in deed

■ The Royal Insurance group scored an impressive hat-trick in the Minorco-Consolidated Gold Fields match: by changing its mind about accepting Minorco's offer for Consolidated Gold Fields, Royal - the eleventh largest institutional shareholder - managed to have both companies and the UK Takeover Panel all seething at once.

The Royal's investment manager, Michael Kershaw, had bravely told the Financial Times that his group would be accepting Minorco's offer. His statement appeared in black and pink on Wednesday as the bid was in its final hours.

According to Geoffrey Kellett, the Royal's general manager, both Sir John Cuckney, the chairman, who was on his way to the US, and Alan Horsford, the group chief executive, read the report. This led to the last-minute decision to attempt to withdraw the acceptance - but too late. The 1pm deadline was looming fast. Kellett said the Takeover Panel would not allow a telephone call or a facsimile message to be used. There were no pigeons to hand. "We explored other possibilities but the Panel would not change its mind. Then there was not time to send the paper work. So the Royal's shares were counted in Minorco's favour."

The Takeover Panel sniffed that the Royal should have been fully aware of the clearly-defined procedures for accepting bids and withdrawing acceptances. Gerry Grimstone, of J Henry Schroder Wagg, advisers to Gold Fields, was furious. It was disgraceful, he said, for the Royal to tell the world it would accept the bid, possibly encouraging other institutions to follow suit, and then change its mind. However, he cannot pretend to be unused to hand-wringing indecision; as one of the brightest and best fast-trackers at the Treasury, he had special responsibility for the early days of privatisation policy, during which two regular ministerial utterances were "Er" and "Um." Minorco wondered aloud whether the City's notorious "Old-Boy network" had been at work to change Minorco's mind.

"This looks like a good place to build nuclear power stations."

Poleaxed

■ City of London and Whitehall rumour merchants are working overtime on the future of one of the most powerful and well connected men in the land. Charles Powell (pronounced "Pole" for reasons inexplicable) is leaving Mrs Margaret Thatcher's side after five years as one of her two most trusted aides and confidants, the other being her press secretary, Bernard Ingham (pronounced "Difficult").

Powell, the foreign affairs private secretary, is 47 and will go before the year end. Few Cabinet ministers have been to more Thatcher Cabinet meetings; probably nobody carries as many Thatcher secrets as he does. She adores him; the feeling is entirely mutual. Which cannot be said for most of his bosses at the Foreign and Commonwealth and Office, perhaps the Prime Minister's least favourite Whitehall department. He's gone "native", they say. So what next? "When does Ulan Bator come free?" is the (partial) jest of one former colleague. More seriously, the Madrid Embassy remains his if he still wants it. But his links to the very highest corridors of power make him attractive to financial institutions - where senior salaries have a few more zeros attached than those for ambassadors. I understand negotiations are at a very advanced stage in the City and, although it would neatly combine both interests, I think they are not with the Banco Bilbao-Vizcaya.

One suite more...

■ The Hampshire, described as London's newest five-star hotel, has just opened its doors in Leicester Square following the £15m renovation and refurbishment of a handsome building that was formerly the Royal Dental Hospital. All up, the Hampshire has cost £25m and brings to seven the number of central London establishments owned and operated by Edwardian Hotels, which says it is London's largest privately-owned hotel group.

Edwardian Hotels is a cleverly thought-out operation. It says that its forte is buying architecturally interesting properties and converting them into "exquisitely stylish" hotels. As a result, it claims, it is able to recapture the "inimitable grandeur for which the Edwardian era is renowned," which is why its guests aren't confronted with glass tower blocks or run-down mausoleums.

The Hampshire is certainly plush and jolly, as we discovered when we called round for tea. The scones are served with real Cornish cream and three types of jam, all of it homemade by chef Colin Button, 32, who once worked in the kitchens at Buckingham Palace.

The new hotel has 124 bedrooms. The starting price of a double room for single occupancy is £149 a night. After that, prices rise swiftly to a top of £450 for a luxury two-bedroom suite.

But the question is this: does London need yet another pricey hotel? Isn't its reputation as one of the costliest hotel cities in the world bad enough without adding yet another posh pile whose prices are way beyond the average tourist?

...or less...

■ Best rumour of the day, totally unconfirmed: the Dorchester Hotel, one of London's and indeed the world's grandest hotels is closed for a 12-month $72m refit not so that it can reopen as a yet grander and more glorious version of its former self but so that it can be turned into the London home of its owner, the Sultan of Brunei, the world's richest man, who bought it in 1985 for £43m and who happened to be in London yesterday when he called privately on Mrs Thatcher.

...for tea

■ Anti-Apartheid Enterprises does good business marketing goods from Africa's six frontline states - Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe. But it is stretching solidarity, not to mention geography and credulity, with Frontline Tea Bags, a blend from Mozambique (60 per cent), Tanzania (20 per cent) and Vietnam (20 per cent).

Robin Pauley

POLITICS TODAY

Where this greenery is leading

By Joe Rogaly

The logic of Mrs Margaret Thatcher's proclamations on the "greenhouse effect" is that she should prepare to abandon Thatcherism.

There is no alternative.

If Britain's Prime Minister is convinced by growing evidence that the survival of mankind is threatened by a constant outpouring of increasing volumes of carbon dioxide, she will have to change many Government policies. Most of the damage is done by burning coal and other fossil fuels. You cannot seriously reduce the volume of carbon dioxide puffed out by power stations, cars, factories, office buildings and houses by leaving it to the free market and the conscience of good citizens. You cannot rely on nuclear energy alone to make up the difference — even though, if the apocalypse is in truth the alternative, nuclear power stations may become less unpopular than they are today.

In short, you face a distinctly unpleasing prospect. You have to roll the frontiers of the state forward a little bit, to encompass intervention, regulation, tax disincentives, subsidies and possibly, heaven help us, lower growth.

This means, at best, the imposition of controls and, at worst, a reversal of the central economic assumption

The world's poor must either grow richer through the use of clean energy, or they must not grow rich

upon which Western democracy rests.

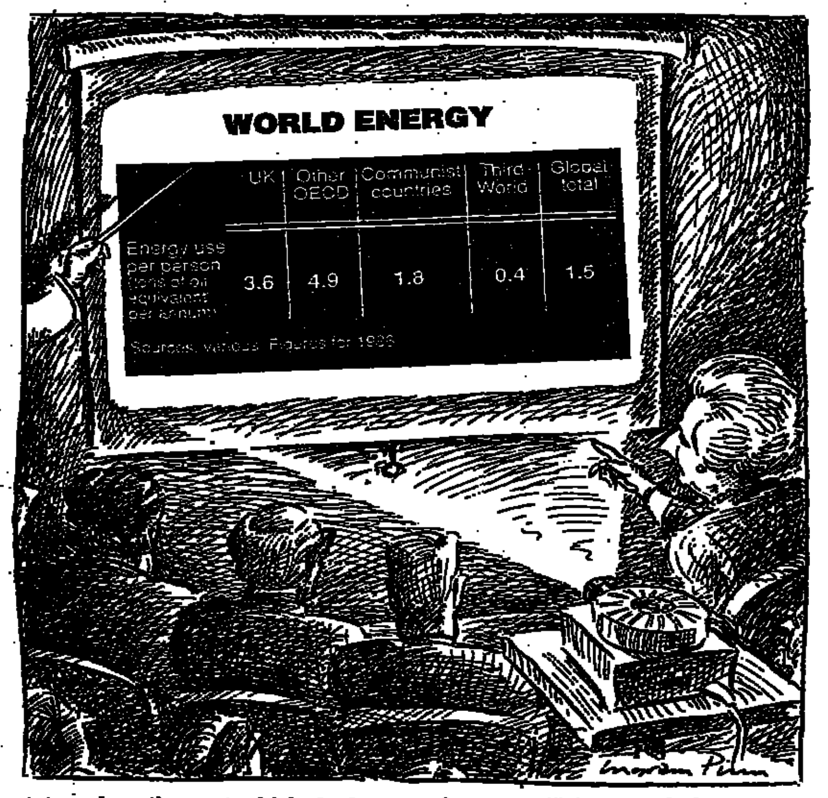
Just where we are on the spectrum between "at best" and "at worst" depends largely on the degree of certainty that is conveyed by scientists on whether the danger really exists. If it does exist, what is its likely extent? Are we seriously looking to a 21st century in which floods wipe out coastal lowlands while excessive heat turns many of the world's food-growing areas into deserts?

The answer to this last question, as conveyed to a seminar in Downing Street on Wednesday, is a tentative yes. The qualification "tentative" is of great importance. It makes the difference between taking some precautionary action over the next few years and pulling out all the stops at once. Thus the senior Cabinet ministers, civil servants, businessmen and others who attended the Prime Minister's seminar were able to leave in mid-afternoon with a sense of general agreement that while serious action must be taken, the degree of moderation of Thatcherism that is necessary is, shall we say, slight. This, perhaps, is why the package promoted in briefings by No 10 Downing Street at the end of the day ("wait and see is not an option") comes across as a public relations stitch-up, with the pro-nuclear lobby receiving the benefit of the finest embroidery.

The Prime Minister herself appears to be convinced that there is a greenhouse effect, and that precautionary steps must be taken now. When you think of where she is coming from, this is considerably to her credit. It is fortunate for her that the degree of certainty about the key issues is still regarded by some British scientists, and many officials, as insufficient to justify anything so drastic as a slowdown in economic growth.

The first, scene-setting, speaker at her seminar was Professor Tom Wigley, director of the Climatic Research Unit at the University of East Anglia. He is an eminent scientist who knows that the concentration of greenhouses gases is increasing. Cool-headed, British-style computer projections suggest that this will lead to a rise in average global temperatures of between 1½ and 4½ degrees Centigrade by the middle of the next century — that, indeed, the process has already begun. It is prudent to assume that these are broadly correct. The consequence of such a warming could be the aforementioned killer floods and destruction of the world's breadbaskets. No scientist can demonstrate that these nightmares will come true, at least not with the rigour required in a research laboratory. There are vestigial doubts. A colleague remembers hearing Prof Wigley remark that he hopes to live long enough to see if he is right; he is in his late 40s.

Yet like an increasing number of respected scientists, Prof Wigley insists that there is a genuine threat that must be tackled. Many are more pessimistic than the British scientific establishment tends to be. The US Environmental Protection Agency (EPA), in its draft report to Congress, postulates a global warming of 5½ degrees or more, with a consequential magnification in the size of anticipated catastrophes. "They are over the top," says one of the participants in the Downing Street seminar. Others think differently. The call by a recent meeting of scientists in Toronto for a cut in world emissions of CO by a fifth by the year 2000 and by half by the year 2050 is thought by officials at the German environment ministry to be insufficiently drastic. Bonn is arranging a December meeting of civil servants from the environment departments of EC member



states, plus others, at which the hope will be to agree more severe targets. That would set the scene for a ministerial meeting on energy-related emissions in Bergen in May 1990. Once again, the EC may seek to outpace the British Government, which will be under pressure to put its money where its mouth is.

The likely focus is also plain. Wednesday's seminar was shown a chart ascribing more than half the expected future global warming effect to CO; the next largest category of blame is those famous chlorofluorocarbons that were the subject of an earlier Thatcher spectacular — on the ozone layer — and whose eventual abolition can be predicted.

It is, therefore, CO upon which we must concentrate. This was the task of the second speaker at the seminar, Dr Ken Currie, Head of the Energy Technology Support Unit, based at Harwell. Dr Currie is not only a distinguished nuclear physicist; he is also an experienced marketing man. His colour slides, with lots of blobs and squares and options, surely dazzled the assembled ministers. What they basically said was that if you want to cut UK emissions of CO in half by the year 2020, then 40 per cent of the job might be done by promotion of energy efficiency and about 23 per cent of it by using nuclear power. Next comes the use of alternative fossil fuels, like gas, at 15 per cent. Other possibilities, like reforestation, burning waste products, cleaning power station smoke, and using wind and wave power, are given much lower scores. These weightings are not unlike those suggested by the EPA, although it is overall more ambitious and makes bold proposals about things such as reducing motor car speed levels to 40 miles an hour and cutting down the amount of heat each home uses. The flaw in the Currie presentation is that it had to be based on two restrictive assumptions. The first is that existing political attitudes stay in place: that is, little or no regulation. The second is that the British economy will grow at an average 2.5 per cent a year. Thus his estimates of the political hurdles facing particular proposals (high for energy efficiency, higher for nuclear energy) are based on the perfectly proper premise that it is not for a scientist to meddle in these matters. As to growth — only an elected government could deliberately change gear downwards, and only if faced with a visible crisis.

All of the above is put in perspective by a slide showing the use of energy per head of population in the rich countries as against the poor. On this measure, every Briton sends nine times as much CO into the atmosphere as does every citizen of an average third world country. Since there are 2.7bn people in the third world as against 57m in the UK any slight increase in their per capita energy use is likely to wipe out all the good done by the Downing Street prescriptions. As the Energy Secretary, Mr Cecil Parkinson, told the Prime Minister, China plans an *increase* in energy production over the next 30 years that exceeds the entire UK output 10 times over, or thereabouts. There is no way out of this: the world's poor must either grow richer through the use of clean energy, or they must not grow rich.

Either way, the trick can only be done through international debate, persuasion, and pressure. The EPA proposes, among other things, "carbon emission fees" of 20 per cent on coal, 11 per cent on oil and 7 per cent on natural gas, to discourage the use of fossil fuels and promote the use of substitutes. Mrs Thatcher's ambition is to lead the world into a grand debate on a planet-wide programme to reach agreed targets by agreed methods. This is not the place in which to assess the seriousness of such an inflated view of Britain's importance; what is clear is that its standing, and that of its Prime Minister, will depend upon the degree to which the British Government shows a willingness to take action in the UK.

I am not talking about the kind of pointless unilateral gesture against which Mr Parkinson has warned. He is in no danger of making any gesture himself. Nothing he has heard this week will make him change the electricity privatisation bill now going through the Lords. He does accept the idea of energy efficiency, which saves costs, but the bill's purpose is to produce saleable companies whose overriding motive will be to sell as much electricity as possible. No, I am talking about the British Government going into negotiations in a mood of preparedness to make matching sacrifices if the other parties to the debate will do so. The terms of electricity generation licences could be varied by a future Government in order to meet the UK side of any such bargain. But global deliberations are likely to be a long drawn-out process, especially as they will be conducted mainly through the cumbersome mechanism of United Nations agencies. Look forward to the next election and the odds are that when it comes to the greenhouse effect Mrs Thatcher will discover that she cannot have global leadership and Thatcherism too.

LOMBARD

Pornography under fire

By Michael Prowse

NOBODY HAS ever put the case against censorship better than the prosecuting counsel in the 1961 obscenity trial involving D. H. Lawrence's novel Lady Chatterley's Lover. Turning to the jury, he asked: "Is it a book that you would even wish your wife or your servants to read?"

The 1960s and 1970s witnessed a sustained revolt against this kind of paternalism. Many younger people argued that there should be *no* limits on the activities of consenting adults and no state censorship of any description. In some ways, liberal views about sexual behaviour and pornography have gained strength in the 1980s. A magazine such as City Limits, for example, routinely carries personal ads with strong sado-masochistic overtones. Such ads were once the preserve of specialist publications.

Yet there are also signs of growing illiberality. Social Trends notes a trend towards a more censorious stance on personal/sexual matters. It quotes survey evidence suggesting that 74 per cent of people think homosexual relationships are always or mostly wrong, compared with only 62 per cent in 1983. The proportion favouring an outright ban on pornographic magazines and films has risen from 33 per cent to 38 per cent; the proportion prepared to allow them in "special adult shops" has fallen from 52 per cent to 42 per cent.

Stern right-wing moralists are far from isolated in their attacks on pornography. Ms Catherine Itzin, of the newly-formed Campaign against Pornography and Censorship (CPC), argues that pornography "reinforces women's unequal status by presenting women as sexual objects for men's titillation and gratification". The CPC supports free expression and opposes all forms of censorship. But it argues that freedom to manufacture and distribute pornography should no more be allowed than freedom to murder, steal or incite racial hatred. It wants legislation enacted along the lines of the 1976 Race Relations Act.

The CPC is wrong to see the problem solely in terms of the abuse of women by men. Some pornography involves only men, and some depicts the degradation of men by women. But it is right to focus attention on the possible harm caused by magazines which are readily available in many high street newsagents. Does material which depicts women as enjoying violation and violence alter the behaviour of some men and make rape attacks more likely?

A decade ago, the Committee on Obscenity and Censorship chaired by Bernard Williams, the moral philosopher, took a sanguine line. What people do, it said, is more affected by their existing habits and values than by exposure to pornography. The report unhesitatingly rejected "the suggestion that the available statistical information for England and Wales lends any support at all to the argument that pornography acts as a stimulus to the commission of sexual violence."

Recent research in several countries, however, suggests the Williams Committee may have underplayed the dangers. Mr Maurice Yaffe, a clinical psychologist at Guy's Hospital, points out that US researchers have found positive correlations between rape rates and sales of sex-oriented magazines. US studies also suggest that male subjects exposed to violent sexually explicit material perceive a rape victim as less injured and more responsible for her assault, view a rapist as less responsible for his actions, and act with increased aggression toward a female target than control subjects.

The worth of all such studies can be challenged. Correlations do not establish causation. Laboratory experiments do not tell us how people behave in the real world. Libertarians, however, must accept that the onus of proof is gradually being shifted. People who argue that sexually violent material can influence behaviour may still be in a minority. But they are no longer being laughed at. The Government is likely to come under increasing pressure to restrict the freedom of the pornographers. 10 years ago I would have been spouting John Stuart Mill. Today I am not sure which side of the fence to stand on.

LETTERS

'Pax Syriana' need not be the imperative

From Mr Andrew Neyman.

Sir, Your leading article, "Syria's role in Lebanon" (April 20) is so mean-spirited that one wonders for whose benefit it was published.

Reawakening our natural sympathy for the people caught in the current *shelling* in and around Beirut, you offer us "hard facts which governments need to keep in mind pondering their response to President Mitterand's appeal."

Your summary of these facts is selective, as mine would be — though my choice of facts to propose would be different. The conclusions you draw from your own choice of facts, and the ideas you offer us, are inexcusably wrong-headed.

You may be right when you say that Mr Michel Aoun does not speak for all Lebanese; that the French President is mistaken in his particular intervention; that the other Middle Eastern countries are guilty of using Lebanon as the theatre *for* their proxy wars. But why do these considerations lead you to "the conclusion that some Western powers reached some time ago," that peace will be some form of *pax Syriana?*

If Syria has shown absolutely no sign of reconsidering its military presence in the Lebanon, does tfiat make its presence legitimate? Will Syria's imposition of a settlement on its own terms be therefore just? Will the fact of forceful domination give the proposed Syrian settlement legitimacy?

If your pragmatism leads you to answer yes in each case, this raises the question of whether you believe that such a settlement can be maintained except by continued exercise of external force of arms. And if you believe that it can, one wonders if you have learnt anything from India, Cyprus, Vietnam, Afghanistan, or even Northern Ireland.

The Western powers are portrayed by you as impotent in this case; yet you assign them the role of urging Syria to exercise restraint. The very idea is ridiculous.

The impotence of Western powers in this case arises not from physical powerlessness, but from the lack of any moral principle in the thinking you are happy to broadcast in your leader column. If the sovereignty and independence of the Lebanese people can be so entirely overlooked in your deliberations, how does your leading article advance their cause?

Andrew Neyman,
7 Marius Road, SW17.

From Mr Antoine Bassila.

Sir, Why should we criticise France, as your leading article "Syria's role in Lebanon" (April 20) clearly does, for having been the only non-Middle Eastern power which has tried and is still trying to help?

France should be quite proud of what she has done so far; as Mr Rocard, the French Prime Minister said on television (April 20). France was not driven by any domestic pressure, but by 67 years of friendship and special relations with Lebanon — since 1922, when France helped create the Lebanon as a separate state (from Syria) where Christians and Moslems could live in harmony together. Indeed, France was responsible for independent Lebanon's borders, and has been ever since — at least implicitly — the guarantor of Lebanon's integrity, sovereignty and independence. But in any case, who can criticise a humanitarian action, wherever it originates, in the face of such enormous destruction and bloodshed?

Major General Aoun is not seeking to topple President Assad or anyone else; he is merely speaking out for his country's independence — that is, from foreign occupation, something no other Lebanese leader has been able (or dared) to do. Can we blame him for wanting to free his country from foreign occupation, whether by Syria or, for that matter, Israel?

You seem to forget that Syria has never formally recognised an independent Lebanon, and has persistently refused to exchange ambassadors with Lebanon or open a consulate in Beirut. The presence of Syrian troops on Lebanese soil can only prolong the present *de facto* partition of Lebanon; thus Assad will never be able to bring the factions together — contrary to what your article claims.

You qualify Assad's handling of Lebanon as "inept," and "at times" destructive. It would have sufficed to say that his policy in Lebanon has been expansionist.

Why does peace in Lebanon have to be a *pax syriana?* An overwhelming majority of the Lebanese themselves do not wish that.

No civilised nation can stand idly by, and watch the slow annihilation of an entire people and a country by force. I am certain you will agree.

Antoine Bassila,
84 Boulevard Malesherbes,
75008 Paris,
France

Welcome invader

From Mr Henry Bear.

Sir, Now that Mr Stewart Pearson (Letters, April 20) has let the cat out of the bag — the possible invasion of the UK by Minitel, the French electronic telephone directory system — I can confirm that the landing will probably be near Hastings.

Unlike the invasion of 1066, this one will be unopposed. Minitel will come as liberator, not conqueror — and the landing will be followed by a drive up the A21 to establish a forward headquarters in the Tunbridge Wells area (where British Telecom has not issued an area directory since November 1987).

Henry Bear,
Clare Cottage,
The Village Green,
Brede, East Sussex

Judgment reserved

From Mr Michael Varcoe-Cocks.

Sir, On April 13 you reported that Lonrho had told the House of Lords that "some months ago it had given instructions that all judges' names should be removed from its mailing list."

Now you report (April 21) the Law Lords' decision to summon Lonrho's chief officers.

But, irrespective of their Lordships' eventual decision on the contempt issue, I wonder why *any* company would have judges on its mailing list. Any company that does — for whatever reason — would be well advised to review its policy.

Michael D. Varcoe-Cocks,
17a Nevern Mansions,
Warwick Road, SW5

Less than careful

From Ms Angela Phillips.

Sir, According to your report (April 12), the British Government intends to tighten up the registration and enforcement of standards for day nurseries, childminders and play groups in the UK.

So far, no such amendments have been drafted, and we are very concerned that the timetable, and therefore the opportunity for discussing the proposals, will be so short.

In this context, we are particularly worried about the implications of voluntary registration. We do not believe that there can be any improvement in either the regulation or the availability of child care facilities without substantial extra cash.

Significantly, extra money does not figure in the Government's five point plan.

Angela Phillips,
Child Care Now,
Wesley House,
4 Wild Court WC2

Green grow the nitrates

From Mr Denis Hardwick.

Sir, The FT survey, "Industry and the Environment" (April 21) refers to the emotionally charged debate which left the chemical industry confused and defensive.

The fertiliser industry finds itself defensive because of inaccurate reporting. Your reference to "over-zealous promotion" ignores the efforts that the industry has made, over the last 10 years, to reduce the autumn application of nitrogen (not nitrate) fertiliser.

This has already shown a benefit in lower nitrate in water, but a disbenefit to the industry, in lower sales.

However, nitrate applied correctly does not "reach water and food sources." Green vegetables have always contained nitrate — a natural, essential substance.

Denis Hardwick,
The Fertiliser Manufacturers Association,
90-93 Cowcross Street, EC1

FINANCIAL TIMES
Friday April 28 1989

Syria backs Arab League call for ceasefire in Beirut

By Jihan el-Tahri in Tunis and Lara Marlowe in Beirut

THE ARAB League yesterday made important progress towards ending the recent heavy artillery duels between rival forces in Beirut when Syria welcomed a call for an immediate ceasefire from the League's Council of Ministers.

The call for a ceasefire from noon local time today, issued by Arab Foreign Ministers meeting in emergency session at the League's headquarters, was accompanied by an agreement to send a team of Arab observers to monitor it.

The agreement met with a sceptical response in Christian East Beirut, where Gen Michel Aoun, the Christian army commander and one of the country's two rival Prime Ministers, has been waging a costly campaign to eject the 30,000 Syrian troops now on Lebanese soil.

Gen Aoun's office said his three-man military cabinet would respond after being officially informed of the League's decision, but an aide implicitly accused other Arab states of making the agreement under Syrian pressure.

But Mr Farouq al-Sharaa, the Syrian Foreign Minister, said in Tunis that his country welcomed the ceasefire agreement, as did Mr Selim al-Hoss, the Syrian-backed Moslem Prime Minister in West Beirut.

"We support the decision issued by the Arab League Foreign Ministers," said Mr al-Hoss. "What we have learned so far of the contents of the foreign ministers' decision brings good news."

Heavy shelling between Christian forces under Gen Aoun on the one hand and Syria and its Moslem militia allies on the other has left nearly 300 people dead since mid-March.

To end the fighting, the Arab League – with the support of the five permanent members of the UN Security Council – is calling for the lifting of all transport blockades in Lebanon under the supervision of the observer force.

This force, probably consisting of 12 senior officers and 300 junior officers, is to be dispatched for an initial three months at an estimated cost of $3m.

It was a blockade imposed on Moslem militia ports south of Beirut by Gen Michel Aoun, the Christian army commander and one of Lebanon's two rival Prime Ministers, that sparked off the latest bloodshed in Lebanon's 14-year civil war.

Syria and its Moslem allies have been insisting that Gen Aoun lift the naval blockade as a condition for a truce. The Christian leader will now presumably come under intense pressure to do so.

Editorial Comment, Page 22; Letters, Page 23

New blow to UK output as oil plant is shut down

By Steven Butler in London

BRITISH oil production, already cut severely by a series of accidents in the North Sea, has been put into further jeopardy by the closure of the St Fergus gas processing plant on the eastern coast of Scotland near Peterhead.

The plant, operated by Shell Exploration and Production, was closed late on Wednesday following the discovery of potentially serious equipment defects.

There has already been a cut in UK gas supplies of 7 per cent, or 16.4m cubic metres a day, as a result.

Shell said yesterday that crude oil production had not yet been directly affected by the closure. However, British Petroleum's Magnus field is thought unlikely to be able to continue its current production of about 150,000 barrels a day unless gas processing is quickly restored at the St Fergus facility.

The Department of Energy has given temporary permission to BP to flare gas produced at the field, but this is thought unlikely to be allowed for more than a few days. Without permission to flare the gas, Magnus, which has no facilities to inject gas back into the reservoir, would be forced to reduce output by as much as 100,000 barrels a day.

Shell yesterday was unable to give any further indication as to when the St Fergus plant would come back on stream. It said small cracks had been found in processing equipment used to remove liquids from the gas before delivery to British Gas as dry methane.

The facility had been receiving 21m cubic metres daily from 16 offshore platforms. Liquids from the plant were piped to the Mossmorran ethylene plant in Scotland, which will be forced to shut in a few days if supplies are not resumed.

Shell said inspectors had descended 80ft into the 250ft leg of the Cormorant Alpha platform, where a gas explosion last week shut the Brent Pipeline system, which carried 472,000 barrels a day. It said process pipelines appeared to be sound, but that heating and ventilation ducts and light fittings had been badly damaged.

Commodities, Page 42

Canadian submarine plans to be scrapped in tough budget

By David Owen in Ottawa

CANADA is scrapping plans to purchase a C$8bn ($6.7bn) fleet of nuclear-powered submarines, ending a bitter contest between Britain and France to design the craft.

The decision was announced late on Wednesday under extraordinary circumstances by Mr Michael Wilson, Finance Minister, as part of a tough budget package.

An embarrassed Mr Wilson was obliged to reveal details of his fifth budget at a hastily convened press conference – a day earlier than scheduled – after a summary of his proposals had been leaked to a local television network.

The leak prompted immediate opposition calls for Mr Wilson's resignation, and for the entire budget to be abandoned. The demands were rejected by Mr Brian Mulroney, Canada's Prime Minister, who said it would be "totally inappropriate" for his Finance Minister to stand down.

The decision to cancel the submarines is a blow for Britain's VSEL Consortium and Direction des Constructions Navales, the French shipbuilder, which were competing to provide Ottawa with the design and technology.

Canada's plan to join the small club of nations operating nuclear submarines had always been controversial because of the expense and the nuclear proliferation which it represented.

The decision to cancel the project results from the need to cut spending in the face of mounting Government debt. Mr Wilson had been under pressure to show Ottawa's intention to control the federal deficit.

The planned budget contains a string of expenditure reduction and revenue enhancement measures, worth more than C$5bn in the current fiscal year, which starts on April 6, and about a further C$9bn in fiscal year 1990-91.

The cumulative impact of the proposed tax increases and other revenue enhancement measures is put at C$3.7bn in 1989-90 and C$6.95bn in 1990-91. Over the same period, expenditure restraints will yield savings of C$1.5bn and C$2.1bn respectively.

Even allowing for the measures, both the federal budget deficit and the Government's accumulated debt are expected to continue to grow. Official forecasts show the deficit will rise to C$30.5bn in 1989-90 from an estimated C$28.9bn in the year just ended, before falling to C$28bn in 1990-91. This will push the federal debt in 1990-91 to C$380bn or 56.3 per cent of GDP, from C$321bn in the year just ended.

Principal details of the package were:

- The Government will end its financial support for unemployment insurance payments, from Jan 1 1990.
- A new tax of 0.175 per cent on corporate capital in excess of C$10m will be introduced.
- Total income surtax will be raised by 2 percentage points from July 1.
- Federal sales tax rates on all taxable goods will be raised by between 1 and 1¼ percentage points.
- The Federal sales tax itself will be replaced in Jan 1991 by a broad-based 9 per cent sales tax.
- Taxes on tobacco and petrol will rise.
- The rate of growth of some transfer payments to provinces will be reduced.
- Fourteen military bases will be closed or scaled down.
- The sale of the Government's remaining 55 per cent cent stake in Air Canada will be made a priority.

Canadian markets responded with equanimity to the budget. At midday the Toronto Stock Exchange's benchmark TSE-300 Index was up about 19 at 3,597, after the New York market had reached a new post-crash high. The Canadian dollar, having slipped to 83.47 US cents in early trading, rallied to 83.82, buoyed by strong central bank intervention.

Canadians torpedo UK submarine group.

Fed remarks spark US markets rally

By Janet Bush in New York

US FINANCIAL markets rallied sharply yesterday on remarks by US Federal Reserve officials that the central bank had stopped pushing interest rates higher because of signs that the economy is decelerating.

On the stock market, the Dow Jones Industrial Average closed at a new post-October 1987 crash high, quoted 29.88 points higher at 2,418.99, outstripping the previous post-crash peak last Friday of 2,409.46.

The Treasury bond market, which had been drifting lower all week, jumped ¾ points, taking the yield on the benchmark Long Bond down to 8.89 per cent, its lowest level since early February.

The comments were published in The New York Times yesterday morning. The newspaper quoted Mr Robert Boykin, president of the Federal Reserve Bank of Dallas and a known inflation hawk, as saying that the Fed needed to observe and see how things are coming out.

Mr Wayne Angell, Fed Governor, said that he did not think it was a good idea to make too many moves on interest rates in one direction without waiting to see the results.

The sharp buying came despite the fact that financial markets already believed that Fed policy was on hold given evidence that the economy was slowing. A positive mood had developed recently in the markets because of hopes that the Fed might even start allowing interest rates to fall, but there was no hint in the remarks by Fed officials that the central bank was about to ease monetary policy.

Markets were, to a lesser extent, reacting to other factors which were interpreted in a positive light. US personal income and expenditure figures published yesterday provided some more evidence of weakening economic activity with spending rising only 0.2 per cent in March, about half of what had been expected.

The dollar held steady and closed at Y132.15 and DM1.8770, another positive factor for stocks and bonds. The US currency has been supported all year by the prospect of higher interest rates and might have been expected to weaken after yesterday's message from the Fed.

Brussels to rethink telecoms legislation

By William Dawkins in Luxembourg

THE European Commission is to reconsider wide-ranging plans to liberalise the provision of data telecommunications services in the European Community.

Its rethink comes in response to near unanimous condemnation yesterday by a meeting of Community telecommunications ministers of an attempt by Brussels to unilaterally impose deregulation on the industry without going through the usual consultations with EC governments.

The 17-man Commission will decide "very quickly" whether to stick to its controversial tactics, allowed under the EC Treaty to help the Commission attack public monopolies, or whether to start again with the normal procedures, said a senior official

Yesterday's meeting puts Brussels under severe pressure to back down. Yet full consultations with EC governments would create long delays because a substantial blocking alliance of six member states – led by France, Belgium, Spain and Italy – has doubts over the Brussels proposals.

Britain, which would have to make no national changes to comply with the services directive, West Germany, Denmark and the Netherlands, all support the Commission's liberalising intentions, unhappy as they are about its tactics.

"There was virtual unanimity that the use of Article 90 would be unacceptable," said Mr Jose Barrionuevo, the Spanish minister chairing the session.

The scheme was due to be adopted by the Commission in mid-March. The directive, proposed by the last Commission late last year, would oblige national telecommunications authorities to open to free private competition the supply of data communications and value added services, such as data banks, electronic mail and financial transfers – the smallest but fastest growing parts of the industry.

A majority of the new Commission would rather take the normal route of having the scheme fully debated and endorsed by the European Parliament and a qualified majority of member states.

THE LEX COLUMN

ICI's alarming success

The first quarter figures from ICI are splendid news for the company, but perhaps a little ambiguous for the market overall. In one sense, they are consistent with a measured slowdown. Group volume for the quarter was up 4 per cent, compared with 6 per cent for last year as a whole, and demand in the UK was a little softer than in Continental Europe. The problem may rather be one of inflation. The combination of demand pressure and capacity shortage means that ICI's petrochemicals prices, for instance, are still more than keeping pace with the rise in the oil price, and margins continue to widen. The implications for wage inflation – ICI is now entering its annual pay round – are not encouraging.

Yesterday's stock market reaction was correspondingly grudging. The 3 per cent rise in the price, to 1,232p, was only half as much as the increase in most analysts' full year forecasts. The resulting multiple of 8.5 puts ICI's discount to the market around the middle of its range over the past year, at a little over 20 per cent.

The group will have long since stopped asking itself what it has to do to please the market; but to the extent that investors think the 1987 crash heralded some kind of slump, they will not re-rate ICI either until the slump has started, or until it is clear that it is not coming after all. With ICI's second quarter still going strongly, the odds might seem on the latter. But for those determined to be cussed about the sector, there is always the spectre of industry overcapacity by 1990 as an excuse for doing nothing.

Withholding tax

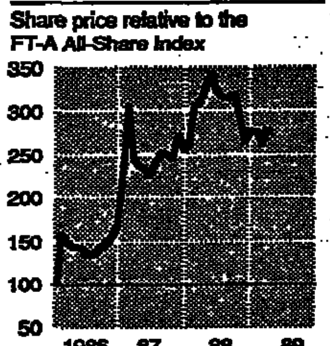
West Germany's amateurish about-turn on withholding tax reduces almost to nothing the chance of Brussels imposing a single withholding tax across Europe. While Chancellor Kohl still talks like a good European on the subject, the line from his new finance minister – who yesterday warned that implementation of the Brussels scheme is a long way off – is rather different. The subtext is that Germany would now like to join the dissenters, but as it cannot do that openly, it may instead ensure that the UK and Luxembourg are not cajoled into dropping their vetoes.

Meanwhile, the whole episode has not helped the domestic markets much. If the aim was to do something for the currency and to take the pressure off interest rates, it is not working. Since the hint two weeks ago that the tax might go, the D-Mark has actually fallen, despite a cabinet reshuffle designed to restore confidence and a half point rise in interest rates in the interim. Neither could it be argued that the favourable reaction is yet to come: markets have a habit of responding in advance, and the 65 basis points fall in domestic yields relative to Eurobond yields in the last few days compensates exactly for the lifting of the tax.

Apart from altering the spreads between the Euro and domestic markets, the main thing gained has been to make everyone focus on the fundamentals, which are not particularly pleasing. With inflation still rising and the economy not yet at its peak, further rises in rates look likely. Conceivably, the average German voter is pleased to see the end of withholding tax; but to the international investor, the whole thing confirms doubts about German economic management.

Wellcome

Share price relative to the FT-A All-Share Index



Wellcome

The sharp drop in the Wellcome share price yesterday, in response to a 35 per cent rise in interim profits, is a reminder that this is one of the most irrationally priced shares in the FT-SE index. There was some suggestion in the figures of slower growth for Retrovir, apparently because of a prejudice against the drug by AIDS patients themselves. But much may depend on whether the drug is cleared for use among asymptomatic carriers of the virus; and neither the market nor the company can assess the likelihood of that happening, nor what would happen to sales if it did.

The anti-viral drugs apart, it seems that the rest of Wellcome's drug portfolio is becoming a little long in the tooth, with sales growth coming virtually to a halt. Perhaps for that reason, the company is now keen to draw attention to its new drugs in development. And indeed, the range is extraordinary: treatments for cancer, cardiac arrest, depression, malaria, epilepsy, asthma, scabies and so forth. But with the shares still on around 25 times this year's likely earnings – twice the London market average – none of that is enough to supplant Retrovir as the focus of investors' attention. For them, the next big happening is the annual AIDS conference in Montreal in early June. Then the shares can be counted on to start jumping around again: and the reasons will be no better than yesterday's.

Redland

Redland's shareholders must be among the very few in the market who look on the prospect of higher interest rates with a kind of perverse pleasure. With nearly half its profits coming from the UK, Redland obviously does not want to see the British economy mugged by the Chancellor any more than anyone else. But the company could do with a bit of recognition from the market that it is wise to do the other half of its business overseas. And until the UK construction market stops growing so much faster than almost everywhere else, investors will remain hard to convince of the superior virtues of Redland's cosmopolitan approach.

True, the slowdown in UK construction has now begun, and that ought to mean an erosion in any domesticity premium for home-orientated companies. Indeed, Redland is predicting that its overseas profits will grow more quickly than UK profits in the current year. But with UK construction likely to expand by 3 or 4 per cent this year, the incentive to turn to Redland for overseas exposure will not be overpowering. With transport a political priority in Britain, infrastructure projects should help make up for troubles in the housing market. But that, too, may benefit others before it helps Redland. Over the past five months, Redland has regained 15 per cent of its value relative to the market; it is hard to argue for more.

Peking students march

Continued from Page 1

A 20-year-old student explained how he was prepared to die for today's "movement" as he called it, and by 9am, with a sea of quiet faces lining the campus square, it seemed he was not alone in his commitment. With faculty flags fluttering in the breeze and patriotic slogans in the air, no one seemed to doubt that the coming hours would form part of Chinese history. These young men and women expected to take on the might of Peking's security forces, and even the bravest showed a touch of anxiety.

At that stage they did not know that the capital would welcome them as heroes, a welcome which gave the event a tinge of "people power". It is about 20km from Peking University to the symbolic heart of Chinese rule, Tiananmen Square, and after just one block, the demonstration acquired the momentum of a victory march.

In China symbolism is all, and it was clear to the hundreds of thousands lining the route that the march symbolised a loss of "face" for the party leaders. Wave after wave of token police opposition was forced aside.

The police were sympathetic to the students and even smiled when the marchers chanted "Get out of the way", and "Please love the people". Workers along the route shouted support

It was more than seven hours before the procession reached its destination at Tiananmen Square, where Mao Tse-tung's portrait still overlooks the Monument to Revolutionary Martyrs. By then, it looked as if China had found a new batch of heroes.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	13	55	Dubrovnik	C	17	63	Malta	S	23	73	Rhodes	S	24	75
Algiers	R	10	50	Edinburgh	C	9	48	Manchester	F	9	48	Rio de J'o	C	31	87
Amsterdam	S	10	50	Faro	S	17	63	Manila	S	33	91	Rome	F	15	59
Athens	S	21	70	Florence	C	16	61	Melbourne	C	22	72	Salzburg	R	5	41
Bahrain	C	28	82	Frankfurt	F	7	45	Mexico City	S	26	79	San Francisco	F	9	48
Bangkok	S	36	97	Funchal	F	17	63	Miami	S	21	70	Seoul	S	19	66
Barcelona	S	15	59	Geneva	S	8	46	Milan	R	12	54	Singapore	F	31	88
Beirut	S	25	77	Gibraltar	S	19	66	Montreal	C	5	41	Stockholm	C	13	55
Belfast	C	9	48	Glasgow	C	10	50	Moscow	C	16	61	Strasbourg	F	8	46
Belgrade	C	19	66	Guernsey	C	9	48	Munich	R	4	39	Sydney	Dr	20	68
Berlin	C	7	45	Helsinki	S	18	64	Nairobi	C	23	73	Taipei	S	30	86
Biarritz	R	9	48	H. Kong	C	23	73	Naples	S	22	72	Tangier	F	16	61
Bombay	F	31	88	Innsbruck	R	5	41	Nassau	C	30	86	Tel Aviv	S	26	79
Bordeaux	C	12	54	Inverness	C	5	41	New Delhi	S	33	91	Tenerife	F	20	68
Brussels	F	10	50	Islamabad	C	33	91	New York	C	13	55	Tokyo	S	21	70
Budapest	F	21	70	Istanbul	S	26	79	Nice	C	13	55	Toronto	C	8	46
B. Aires	S	25	77	Jakarta	R	32	90	Nicosia	S	27	81	Tunis	C	18	64
Cairo	S	33	91	Jersey	C	10	50	Oporto	C	12	54	Valencia	S	17	63
Cape Town	S	19	66	Jo'burg	C	10	50	Oslo	R	4	39	Venice	S	17	63
Caracas	C	30	86	Lima	S	23	73	Paris	R	5	41	Vienna	R	9	48
Casablanca	S	17	63	Lisbon	F	15	59	Peking	S	18	64	Warsaw	F	21	70
Chicago	F	8	46	London	C	8	46	Prague	C	6	43	Washington	S	15	59
Cologne	F	10	50	Los Angeles	F	11	52	Reykjavik	S	4	39	Zurich	-	-	-
Copenhagen	C	7	45	Luxembourg	F	6	43								
Corfu	C	21	70	Madrid	S	13	55	Readings at mid-day yesterday							
Cyprus	F	20	68	Majorca	C	14	57	C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain							
Dublin	C	7	45	Malaga	S	18	64	S-Sun Sl-Sleet Sn-Snow T-Thunder							

Bonn bitterly rejects accusations

Continued from Page 1

have shown understanding of the domestic political constraints on Germany's ruling coalition. On domestic policy Mr Kohl confirmed that the controversial withholding tax on most forms of savings and investments would be abolished on July 1 this year. He held out the possibility of reintroducing such a tax if agreement could be reached on European Community-wide harmonisation.

He also confirmed that the planned lengthening of military service would be shelved until 1992, and announced a series of measures to strengthen environmental protection and reduce the number of the long-term unemployed.

One unexpected tax revision announced yesterday may reduce the number of smaller German companies up for sale over the next few months. Mr Kohl said that the controversial abolition of the tax break on the sale of small and medium-sized companies, due to be introduced at the beginning of next year, would now be re-examined.

Mr Hans-Jochen Vogel, leader of the opposition Social Democrats, derided the new domestic programme as a "panic reaction" but was far less critical of Mr Kohl in the security field. The new domestic programme was generally well received.

Speech for the little man

Continued from Page 1

from the West Berlin Greens to the proposed visit of President George Bush.

But his speech had a great deal more about welfare than wealth creation, and was privately praised by many Social Democrats.

Mr Kohl is aware that most of his recent reform programme has hurt lower income groups more than higher; and that higher income savers will also benefit most from the much-trailed abolition of the Withholding Tax.

Apart from his emphasis on defending German interests against Mrs Thatcher, and his claim that the EC Open Market helps rather than hinders German reunification, there was little for the patriotic right.

Two other voter groups that the CDU/CSU has been losing - women and the under 30's - were clearly targeted. It was confirmed that young men will not have their military service extended from 15 to 18 months, and women will benefit from both the family benefit changes and the stress on part-time job creation.

Younger voters may also have been impressed by the strongly Green colouring of the whole speech. The environment, Mr Kohl said, was one of the three key themes for the 1990's. The other two being a new Europe looking East as well as West, and the family.

On the economy and employment Mr Kohl announced a DM1.5bn ($793m) fund to subsidise employers to hire from the ranks of the long-term unemployed.

Despite the expected reduction in unemployment below the 2m mark this month the number of long-term unemployed has been steadily growing and is now over 700,000.

On taxes, Mr Kohl underlined that the three stage tax reform has cut tax levels by DM50bn with the biggest reduction of DM20bn still to come at the beginning of next year. He passed over the abolition of withholding tax - confirmed for July 1 - as quickly as possible, but mentioned two new features: a commission to investigate the reform of corporation tax and the revision of a controversial tax on the sale of companies.

The abolition of withholding tax and revision of the company sale tax makes the whole tax reform look even more friendly to the rich, according to the Social Democrats.

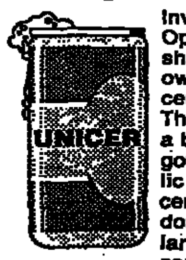
It certainly leaves German investment income tax looking illogical. There is a long-standing withholding tax on share dividends but before the introduction of the (soon to be abolished) new withholding tax on interest income, about 70 per cent of taxpayers failed to declare their interest income.

But investment taxes aside this was a programme for the little man. A programme with a Grand Coalition look about it, which may have explained Mr Kohl's party-political partisanship. The clever politics behind the programme cannot, however, hide the figure of Mr Kohl himself, who seems to have become his own Government's greatest liability.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday April 28 1989

INSIDE

Unicer brings things to a head



Investors have swamped the Oporto bourse with orders for shares in Unicer, the first state-owned company to offer 49 per cent of its capital to the public. The semi-privatisation of Unicer, a brewing company, is part of a government plan to reduce public debt, which stands at 80 per cent of the country's gross domestic product and was largely caused by the losses of companies nationalised in the 1975 revolution. The success of this week's operation bodes well for the semi-privatisation of Banco Totta e Acores, scheduled for June, and of the Aliana Seguradora and Tranquilidade insurance companies, scheduled respectively for July and September. **Page 27**

A neglected subject comes out of hiding

Clearance and settlement systems in the world's securities markets is hardly a topic to set the world afire. But a report on the subject by the Group of Thirty, the international think tank, may attract more interest than would normally be expected. Its authors believe that the importance of settlement, the hidden aspect of securities dealing, has finally been recognised by people who have deprived it of investment for years. Andrew Freeman reports. **Page 30**

Peugeot sets early pace

Peugeot, the French motor group chaired by Jacques Calvet (left), finished well ahead of other car makers in the first leg of this year's European stocks Grand Prix, racing ahead with a rise of 23.5 per cent in the opening quarter. The French group, which has shifted to a lower gear in the past few sessions in line with the weaker French market, had a powerful run, beating not only fellow automobile stocks in Europe but its own stock market. Hilary de Boerr looks at the roots of its success. **Page 54**

A shaking in the woods

Honduran forestry faces growing US and Latin American competition in its traditional Caribbean market, while the decline in pine stocks and surging domestic construction demand are squeezing export supply. Against this background, the industry is undergoing a big shake-up, writes David Pickles. **Page 42**

Breakfast-time success

TV-am

Buoyant revenues and controlled costs helped TV-am, the ITV franchise holder for breakfast television, increase taxable profits by 48 per cent to £20.13m for the year to the end of January, despite an increase in the exchequer levy from £8.5m to £12.9m. The profits were about £1m in excess of market expectations and shares climbed 5p to 208p. **Page 34**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Degussa	454.9	+	2.9	Club Med	575	+	13
Metallgesell	434	+	14	Peugeot	1696	+	16
Thyssen	236.3	+	6.2	Sanofi	820	+	15
Falls				**Falls**			
Allianz	1801	−	29	Alcatel	2835	−	45
Ind. Werke	272	−	5	Cetelem	626	−	19
Volkswagen	338.5	−	5	Sagem	1555	−	28

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Boeing	$75\frac{3}{4}$	+	$1\frac{3}{4}$	Fujitec	1400	+	200
CNW	$42\frac{7}{8}$	+	$1\frac{3}{8}$	Hitachi Chem.	2360	+	250
Johnson Ctrls	39	+	$2\frac{3}{4}$	Japan Line	210	+	29
Utd. Tech.	$51\frac{3}{8}$	+	$2\frac{1}{2}$	**Falls**			
Xerox	$68\frac{3}{4}$	+	$\frac{5}{8}$	Daito Wool	867	−	63
Falls				Diesel Kiki	1010	−	60
U.S. Shoe	$17\frac{1}{8}$	−	$\frac{5}{8}$	Sanshukai	2460	−	140

New York prices at 12.30.

LONDON (Pence)							
Rises				Saatchi & S.	279	+	12
AMEC	457	+	12	Scot. & New.	303	+	11
Bass	958	+	19	THORN EMI	681	+	8
Canning (W.)	272	+	14	UB	495	+	14
Courtaulds	329	+	9	VG Inst.	295	+	17
Glaxo	1393	+	25	Whitbread A	373	+	14
ICI	1232	+	34	**Falls**			
Land Sec.	573	+	12	Everest Foods	133	−	37
LASMO	465	+	10	London Utd.	75	−	29
MEPC	569	+	13	Pound Garner	278	−	12
Marley	188	+	8	Strong& Fisher	234	−	14
RMC	662	+	12	Wellcome	478	−	17
Racal Elect.	427	+	17				
Rank Org.	963	+	22				

Hapoalim makes $490m provision

By Hugh Carnegy in Jerusalem

BANK HAPOALIM, Israel's largest bank, said yesterday that it was making an unprecedented bad debt provision of Shk885m ($490m) mainly to cover its huge exposure to Israel's highly indebted Kibbutzim movement.

The announcement was the most dramatic evidence yet of the effect on the Israeli banking sector of the crisis which last year struck the Kibbutzim, Israel's unique agricultural and industrial co-operatives, and Koor Industries, the country's largest conglomerate.

Koor, like Bank Hapoalim, is owned by the Histadrut labour federation.

The Government has stepped in to help rescue both mainstays of the Israeli economy, but the damage to Bank Hapoalim, the biggest creditor in both cases, was evident when it announced its 1988 results yesterday.

The write-off, more than twice that made last year by the bank, sent pre-tax profits (adjusted for inflation) spinning down to Shk5m from Shk412m in 1987. A heavy tax call left a net loss of Shk53m.

Putting a brave face on the results, the bank said its underlying performance was sufficiently buoyant to allow it to absorb the full burden of its exposure to the Kibbutzim in one year.

It said that income before the bad debt provisions and before tax was up 6 per cent at Shk1.4bn.

Hapoalim's total exposure to the Kibbutzim amounts to Shk4bn. It is writing off Shk570m on its own account and will benefit in line with its 57 per cent share of Kibbutzim debts from a Government rescue package agreed earlier this year, but yet to be finalised.

This includes immediate relief funds of Shk850m and a Shk3bn soft loan spread over 25 years to back a restructuring of the Kibbutzim debts. More than Shk100m of the balance of provisions made by Hapoalim was for its exposure to Koor.

Mr Amiram Sivan, Hapoalim's chief executive, said he was confident that the write-offs had strengthened the bank and cleared the way to improve profitability this year.

He said operating expenses had barely increased in 1988, while assets grew by 3 per cent to Shk56.5bn.

Loans to the public and deposits were both up more than 5 per cent at Shk24.4bn and Shk31.4bn respectively.

Today, the country's second largest bank, Bank Leumi, reports its 1988 results.

Earlier this month third-ranked Israel Discount Bank posted a 23 per cent fall in its pre-tax profits after heavy bad debt provisions and proclaimed itself satisfied that it had limited its exposure to the Kibbutzim and Koor.

A new deal for the big Weill

Janet Bush on the Wall Street alchemist's latest bargain buy

Sandy Weill: special talent for buying valuable assets cheaply

MR SANDY Weill, chairman of Primerica, the US financial services group, was not exactly knocked over in the rush to snap up the retail brokerage offices put on the block by Drexel Burnham Lambert last week as part of a major restructuring.

Smith Barney, Harris Upham, Primerica's brokerage subsidiary, announced earlier this week that it had agreed to take on 16 of Drexel's retail branches and three satellite offices, adding 500 salesmen to its existing force of 2,100 and 250,000 new accounts.

It seems that Mr Weill, whose reputation rests on his opportunism and talent at picking up valuable assets cheaply, was about the only bidder for Drexel's retail business.

Merrill Lynch, with its huge army of brokers across the country, and PaineWebber were reported to have been interested at one stage, but both are thought to have withdrawn after looking at the financial records.

Last week, Drexel had expressed the intention of selling its retail business as a single entity but appears to have found no company prepared to take a job lot.

Enter Mr Weill. Undeterred by the apparent reluctance of other houses to take on more brokers given notorious overcapacity in the retail sector since the October 1987 stock market crash, he may have repeated his special talent of buying a valuable set of assets at a bargain basement price.

Smith Barney paid no cash for Drexel's offices, but will hand over about $4m for the furniture and equipment.

For a minimal price, Smith Barney was able to pick and choose between Drexel's branch offices, taking only the highest-producing outfits in geographic locations which maximised its coverage of the high net worth individual market.

It evidently enjoyed the advantage of a paucity of other interested parties and a desire within Drexel's management to announce a deal as quickly as possible.

Drexel was clearly worried about the threat of investigations by state regulators following its recent settlement with the US Securities and Exchange Commission, in which it pleaded guilty to six counts of securities frauds. The settlement did not preclude state investigations into Drexel.

Wall Street analysts who have tracked his career believe that the purchase of Drexel's offices is vintage Sandy Weill. Mr Steven Dixon, analyst with Brean Murray, Foster Securities, points to the opportunistic nature of the deal and the fact that Mr Weill took advantage of a seller's predicament, both hallmarks of his business style.

"This is a very positive move. This is not distressed merchandise. Mr Weill has wound up paying little or nothing and is buying revenue with little expense attached."

Mr Dixon estimates that Mr Weill has bought perhaps $150m of gross revenues with a high potential level of profitability. That represents about a 40 per cent increase in Smith Barney's gross revenues from its retail business.

Drexel's retail brokers have a reputation of achieving an annual volume well above the average for Wall Street with most of that coming from equity and fixed income sales and only 2 per cent related to junk bonds. Mr Dixon believes there is a good synergy between the two retail networks. Both have a high proportion of wealthy clients.

But Mr Weill's first task is to persuade Drexel's brokers to stay with the new company. He and Mr Frank Zarb, chairman and chief executive of Smith Barney, moved quickly on this front, bringing the office managers of the 16 branches to New York for individual meetings on Monday.

They offered those who agreed to stay for three years forgiveable loans equal to 25 to 30 per cent of the commissions they generated last year.

Mr Zarb is confident that most will stay, noting that during the negotiations many Drexel employees expressed a preference for working for Smith Barney of all the names that arose during the last week.

The timing appears to be propitious, with some signs at last that individual investors are becoming more active for the first time since October 1987.

Smith Barney achieved net income of $8m in the first quarter of this year, compared with $3.9m in the first three months of 1988 as trading volume and public finance activity picked up.

Mr Zarb points to a contrast between Smith Barney and Wall Street houses with much larger retail operations.

"If you have 30,000 brokers, it is easy to cut back by thousands. But we are small and there is a point at which overheads fall so far that you can't service your clients anymore," he said.

"We have a capacity to process far more business than we have in these markets and we have just bought more volume without the overhead: that's good business."

This week's move is just the latest in Mr Weill's eventful deal-making career. The brokerage house he started with three partners in 1960 evolved, after 20 takeovers in 25 years, into Shearson Lehman Brothers, the second largest Wall Street investment bank. He sold the company to American Express in 1981 for $1bn.

His resignation from Amex in 1985 was followed by a period of relative obscurity, but he re-emerged in 1986 as head of Commercial Credit, the Baltimore-based company specialising in providing consumer finance to blue-collar America.

He finally bought his way back to the cutting edge of Wall Street last August with the $1.7bn takeover of Primerica, the financial services company built up by Mr Gerald Tsai, another veteran Wall Street dealmaker. Mr Tsai's successful run had ended when Primerica bought Smith Barney for more than twice book value in June 1987, only to find itself having to absorb its new subsidiary's staggering arbitrage losses in the crash.

Wall Street is now eager to see whether Mr Weill can again prove his alchemist's skill and transform the two bargain retail businesses into gold.

Ford profits stall at $1.6bn as US sales remain weak

By James Buchan in New York

FORD, the second largest US automobile manufacturer, yesterday reported essentially flat first-quarter profits of $1.64bn or $3.44 a share, against $1.62bn or $3.31 a year earlier. The result called a halt to three years of steady progress.

Donald Petersen, chairman: spending remains a priority

Profits were held back by a weak domestic motor market and lower earnings from financial services, though Ford's European operation continues to do well.

The result confirms the picture drawn earlier this week by General Motors, which reported strong overseas markets but weakening demand from North American car buyers. The industry is trimming some ambitious production schedules and has announced a string of incentives to stimulate domestic demand.

Yesterday's result from Ford was the best that Wall Street had forecast for the company in the face of a doubtful home market. Ford stock rose modestly in morning trading, by ⅛ to $48¾.

"They're pretty strong results," said Mr David Healy, an automotive analyst at Drexel Burnham Lambert in New York.

In the automotive business, Ford's sales rose nearly 10 per cent to $22.8bn. A strong performance in Europe and higher volumes and cost control in the Asia-Pacific region caused overseas profits to rise 30 per cent to a record $696m.

But in the US, automotive profits fell $47m to $800m. Ford increased its car-market share by 1.6 percentage points to 23.4 per cent but was saddled with higher product and marketing costs and lower volumes.

Earnings from financial services fell sharply, down $99m from the 1988 first quarter to $141m. The financial services business enjoyed higher financing volume but lower interest margins caused a decline in profits.

In the quarter, Ford increased its capital spending by just over $100m to $1bn and cut its liquidity modestly. At the end of March, Ford had $5.35bn in cash or liquid holdings, down from $5.49bn at the end of last year.

Mr Donald Petersen, chairman, and Mr Harold Poling, vice-chairman, said: "Investing in our automotive business, dividend payments and purchase of our own stock continue to be priority uses of our financial resources and the best means to improve the value of Ford stock for our shareholders. Increased capital spending is consistent with our strategy to invest in our core business."

European disposal from Chloride

By Nikki Tait in London

CHLORIDE, the UK battery maker, yesterday finally announced the sale of Exide Europe, its troubled European automotive battery business.

The buyer is a newly-formed UK company whose shareholders comprise PT Sapta, Porter Investments and Alan Patricof Associates, the venture capital group.

PT Sapta is the holding company for the Wanandi family, which controls a group of Indonesian companies – including interests in battery manufacture in the Far East and Australia. Porter Investments is a private vehicle for Mr John Porter.

Chloride says that when the deal is completed next month it expects to realise about £15.7m ($26.5m) for the loss-making business. However, the buyers will not be taking on the subsidiary's borrowings.

Chloride's financial year ended last month and it has not yet published its results. It declined to specify the current level of borrowings within Exide Europe, offering only the March 1988 figure of £17m as "a guide".

It also refused to say what loss the Dagenham-based business made in 1988-89. The loss before group charges in the previous 12 months was £2.5m.

At one stage last year, Chloride indicated that it hoped Exide Europe would show its first profit for a decade in 1988-89. Instead, it announced earlier this month that there had been a setback in the second half of the financial year.

The price finally realised for Exide Europe is well below figures of about £20m to £30m mooted by commentators when the sale was first heralded last November.

Earlier this month, Chloride said it was selling its European motive power business to the French Compagnie Générale d'Electricité for £55m. Although it will make a book loss on the Exide Europe disposal, this will be outweighed by the gain on the motive power deal.

At the same time, Chloride also announced the departure of its chief executive, Mr Kent Price, and said it would consider the final dividend when the preliminary figures, expected to be down on 1987-88, were announced.

The group is left with three business divisions – industrial batteries, electronics and emergency lighting and its international battery operations – with a combined annual turnover of about £250m.

Siemens new business rises 16%

By Andrew Fisher in Frankfurt

SIEMENS, the West German electrical and electronics group, recorded a 16 per cent rise to DM32bn ($17bn) in first half new business, with the main impetus coming from the domestic market.

Net profits in the six months ended March increased by 8 per cent to DM652m: in the same period of 1987-88, they fell by 9 per cent. Group turnover was up by 11 per cent to DM26.3bn.

The new business trend in the latest period marks a contrast to the previous year, when business in the home market was still weak, the group said.

While new foreign orders in the six months were 11 per cent higher at nearly DM18bn, those from within West Germany surged by 22 per cent to just over DM14bn.

Siemens, involved with General Electric Corporation (GEC) of the UK in a bid for Plessey, said its best performing sectors were telecommunications and security systems and semiconductors. Since the half year was marked by a concentration of large orders, however, it expected growth to weaken in the rest of the year.

Foreign turnover showed a sharp rise of 17 per cent to DM15bn, partly because of the inclusion for the first time of Siemens-Bendix automotive electronics, combining the Siemens activities in this area with those of Bendix Electronics of the US, bought last summer.

Also helping total sales was a 60 per cent advance to more than DM1bn in semiconductor turnover.

This reflected the buoyant world market for chips, as well as Siemens increased output of 1-megabit chips.

Turnover of KWU, the power station subsidiary, was boosted by the final billing of a Spanish contract. But the full year is likely to show only a slight rise, with one big domestic order to be included in the second half, compared with two last year.

Group investment in fixed assets rose 19 per cent to DM12.3bn, including the purchase of a majority stake in IN2, a French computer manufacturer.

Eastern Air strike bolsters airlines

By Roderick Oram in New York

UAL, Delta Air Lines and USAir, three leading US carriers, have reported sharply better performances with strong growth in traffic supplemented by extra passengers picked up from strike-bound Eastern Air Lines.

Delta Air Lines turned in record net profits of $85m or $1.73 for its third quarter ended March 31, up 51 per cent from $56.1m or $1.15 a year earlier. Revenues grew by 19 per cent to $2.04bn from $1.71bn.

Net for the first nine months was $270.1m or $5.49, against $203.5m or $4.18 on revenues of $5.78bn against $5.04bn.

Traffic at Atlanta, its main hub, grew 13 per cent in the quarter due in part to the Eastern strike. Delta's total revenues grew 20 per cent, reflecting big traffic gains at a number of hubs where Eastern was not a competitor and a gain in fare yield per seat/mile to 14.12 cents from 13.56 cents.

The airline's load factor increased to 61.01 per cent from 54.93 per cent and its breakeven load factor increased to 57 per cent from 51.72 per cent. Costs per seat/mile increased to 8.60 cents from 7.56 cents.

UAL, parent company of United Airlines, reported a 134 per cent rise in first-quarter net earnings from continuing operations to $65.4m or $3.03 a share, from $27.9m or 58 cents a year earlier. Revenues rose 13 per cent to $2.33bn from $2.06bn.

The final net a year earlier was $576.8m or $12.02 after a $548.5m gain from the sale of its Westin hotel subsidiary and *net profits of $457,000* from discontinued operations.

Mr Stephen Wolf, chairman, said the results showed that UAL was developing an earnings record which would meet the capital needs for replacing and expanding United Airlines' fleet of 408 aircraft. On Wednesday UAL placed a record $15.74bn worth of orders and options for 370 Boeing aircraft.

UAL said United's passenger load factor of 63.5 per cent was the highest in the industry in the quarter, although it was down from 64.1 per cent a year earlier. Its breakeven load factor fell to 59.1 per cent from 63.3 per cent. Costs per seat/mile were 8.6 cents, up from 8.1 cents.

USAir swung back into the black in its first quarter from a loss a year earlier thanks to *higher fare yields, the Eastern* strike, further benefits from *the year-earlier takeover of* Pacific Southwest Airlines and greater scheduling efficiency.

Net profits were $15.5m or 35 cents a share compared with a loss of $18.8m or 43 cents a year earlier. Revenues were $1.5bn against $1.2bn.

The group's USAir division continued to lag, however, turning in an operating profit of only $4m against $1m a year earlier.

After merger costs, it had an operating loss of $3.5m against a loss of $1.2m. Operating revenues jumped to $765m from $493m reflecting the takeover of Pacific Southwest.

Piedmont Airlines, which USAir acquired in late 1987, proved a strong earner. It reported operating profits of $59.4m, up from $26.5m a year *earlier, on revenues of $637m* against $571m.

NCNB sets sights on failed MCorp

By Anatole Kaletsky in New York

NCNB, THE rapidly growing North Carolina-based bank group which was rebuffed earlier this week in its attempt to acquire *Citizens & Southern,* said it would probably submit a bid to take over MCorp, the recently-failed Dallas bank holding company.

Most of MCorp is currently being run by the Federal Deposit Insurance Corporation, after federal regulators seized 20 of the group's 25 banking subsidiaries last month.

*NCNB acquired First Repub*licBank, the biggest bank in Dallas and MCorp's main cross-town rival, from the FDIC last year in a transaction which was assisted by more than $1bn of the government agency's money.

With the non-performing loans removed from First RepublicBank's portfolio, NCNB has turned its Texas subsidiary into a very profitable institution and now believes it could do the same with MCorp's banking subsidiaries, which trade in major Texas cities as MBank of Dallas and MBank of Houston.

Mr Timothy Hartman, vice chairman of NCNB Texas, said: "It is safe to say that we plan to submit a bid to acquire MBank."

He did not say how much federal assistance NCNB might ask for to take over the MBanks, but he speculated that it could face 12 to 15 prospective rivals in the bidding.

Another group which has already identified itself as a potential bidder is First City Bancorp, the Houston-based bank run by Mr Robert Abboud. Like NCNB Texas, First City is a formerly insolvent bank which was acquired from the FDIC in a government-assisted transaction.

Other groups said to be interested in acquiring MCorp include Kohlberg Kravis Roberts, the New York leveraged buy-out specialist, and the wealthy Pritzker family of Chicago.

Prime and Control Data start year on weak note

By Karen Zagor in New York

PRIME Computer, the target of a hostile takeover bid, and Control *Data, which recently* announced its intention to quit the supercomputer business, reported weak first-quarter results yesterday.

Prime, the second largest US maker of computer-aided design equipment which is trying to fend off a $965m takeover bid by MAI Basic Four, reported net losses for the period to April 3 of $5.02m, against earnings of $14.49m a year earlier. Per-share losses were 10 cents against gains of 29 cents the previous year. The company's revenues rose to $387m from $364m.

The Natick, Massachusetts, company said this year's results included pre-tax expenses of $6.3m associated with MAI's pending tender offer. Earnings for the previous year include an after-tax gain of $6m from a change in accounting and an after-tax non-recurring *charge* of $4.5m.

The company added that income for the most recent quarter was affected by organisational changes and layoffs and one-time costs.

Control Data, which last week said it would quit the supercomputer business it pioneered more than 30 years ago, reported net income of $3.5m or 8 cents a share for the quarter ended March 31, from $7.7m or 18 cents. Revenues fell to $843.5m from $902.2m.

The first-quarter pre-tax results *include $18.9m in* restructuring gains and $10.7m from a legal settlement. The company said earnings were hit by losses in computer systems and supercomputer operations.

Mr Robert Price, chairman and chief executive, said: "With restructuring charges of approximately $490m we will obviously report a large loss for the second quarter. However, the actions we have taken enable Control Data to focus on its Cyber mainframe customers' needs and to have a profitable second half in 1989."

Loral sells two units for $455m

LORAL, the US electronic armaments group, has accepted a sweetened bid of $425m cash plus $30m of debt for two of its units from a group led by Mr Bernard Schwartz, the chairman, AP-DJ reports from New York.

Loral rejected two alternative offers from Banner Industries, the only other bidder for its aircraft braking systems and engineered fabrics divisions. Banner proposed to pay either $442m cash plus $25m of debt or $457m cash. It had previously proposed to pay $432m cash and $25m debt.

Mr E. Donald Shapiro, a member of Loral's panel of directors reviewing the bids, said Banner indicated it was prepared to go to $467m on two conditions: that it could discuss the matter directly with the panel and that it was satisfied no issues other than price remained outstanding.

As a result, Mr Shapiro added, the panel viewed Banner's bid as conditional. It also took into account a $17m break-up fee the company would have to pay if the divisions went to a party other than the Schwartz group.

Flat opening quarter at Xerox

By Karen Zagor

XEROX, the diversified producer of copying and duplicating machines which has been the subject of takeover speculation on Wall Street this week, yesterday reported marginally higher first-quarter earnings.

Net income for the quarter ended March 31 was up 4 per cent to $158m, from $152m a year earlier.

Earnings per share rose 8 per cent to $1.48 against $1.37 as the company bought back some of its preferred shares during 1988. Revenues rose 8 per cent to $4.14bn from $3.83bn.

Xerox's financial services, which has been the company's most profitable division, reported a rise in net income to $89m from $88m on revenues which advanced 8 per cent to $1.3bn from $1.2bn.

Business products, including copiers, printers and other office equipment, generated net income of $69m, against $64m. Revenues advanced to $2.82bn from $2.61bn.

The group reported stronger growth in the US market but revenues from international operations softened during the period.

Shares in Xerox were up $⅞ at $68½ in mid-day trading on the New York Stock Exchange. On Tuesday the stock jumped $2⅝ to $67⅝ in heavy trading amid speculation that Hanson, the UK conglomerate, was eyeing Xerox as a potential takeover target.

In a bid to improve profits at the business equipment operation, Xerox announced in late January a large-scale restructuring.

Singleton hands over Teledyne reins

By Roderick Oram

MR Henry Singleton, one of the last of the old-style US conglomerate builders, has retired from day-to-day management *of Teledyne,* the diverse industrial group he founded in 1960.

He will remain chairman while Mr George Roberts, his long-time partner, will continue as president and take on *the rest of Mr Singleton's* operating responsibilities.

The announcement initially sparked a sharp rise in Teledyne's shares on speculation that the group would be more likely to break itself up or be more vulnerable to takeover. Shares rose $12.75 to $362.75 on *Wednesday afternoon,* but gave up some $3 of the gain yesterday morning on low volume.

In common with other diverse conglomerates, the sum of Teledyne's parts looks more valuable than the whole. But whereas many other conglomerates have disposed of businesses in recent years to sharpen their focus, Mr Singleton, 72, and Mr Roberts, 70, have kept Teledyne broadly based.

Mr Singleton said he would retain *his 13.2 per cent stake* in the company and remain involved in strategic decisions.

Teledyne's interests span aerospace, electronics, consumer appliances and consumer finance. *It* reported net profits of $391.8m or $34.03 a share on sales of $4.6bn last year, up from $370.5 or $31.68 on $3.22bn a year earlier.

Intel plans cost-cutting measures

By Louise Kehoe

INTEL, the US semiconductor manufacturer, announced cost-cutting measures, including reducing the output of one of its key production facilities and the elimination of up to 600 factory jobs.

The cuts are aimed at "permanently improving the competitiveness" of the company, Intel said.

The announcement came as a surprise, however, because Intel's recent financial performance has been stronger than anticipated.

Intel recently reported first-quarter revenues of $713m, up 12 per cent from $636m. Net income for the quarter was $97m, up from $94m.

Mr Andrew Grove, president and chief executive, said: "We operate in an aggressive, unforgiving market-place. While our financial position is solid and demand for our products is strong, our objective is to make sure we stay in good shape as we enter the nineties.

"This requires that we work steadily at reducing our costs and shifting resources from low to high areas of return."

Intel will reduce output from its plant in Chandler, Arizona, placing the plant on a five-day work week instead of a seven-day shift system. The plant produces *microcontrollers and* other logic circuits for the telecommunications, automotive and military markets.

Intel said it was focusing on cutting costs throughout the corporation, *and was looking* at ways to reduce overhead and factory positions as part of the programme. Up to 600 positions would be eliminated this year, the company said.

Light metals side leads Norsk Hydro advance

By Karen Fossli in Oslo

NORSK HYDRO, Norway's largest publicly quoted company, yesterday posted a 36 per *cent increase in first-quarter* net income to NKr1.25bn ($183.8m) from NKr920m last year, helped by strong performances in its oil and gas, agriculture and light metals divi*sions*.

Operating revenue in the period increased by 14 per cent to NKr16.6bn, while earnings per share climbed 30 per cent to NKr6.10.

High aluminium prices and improved productivity helped the light metals division, Norsk's best performer, lift operating income to NKr1.1bn from NKr743m.

The agriculture division increased operating income to NKr619m from NKr434m due to sales volumes and high fertiliser prices.

A rise at the oil and gas divi*sion, which boosted operating* income to NKr603m from NKr386m, was helped by higher oil prices, increased pro*duction from the Norwegian* Ekofisk and Gullfaks fields and a rapid build-up of oil production from Norsk's Oseberg field, which was brought on stream last December.

Production of oil and gas totalled about 1,800m tonnes of oil equivalent, a 30 per cent increase on last year's figure. Refining and marketing activities were also advanced by better margins for refined products. However, operating income for petrochemicals slipped to NKr314m from NKr391m after a fire halted production at a Norwegian plant.

Norsk's sale of its share in Norpolefin also contributed to the decrease. Norpolefin contributed NKr58m in the last year's *first-quarter* result.

Alcan forecasts strong demand *for aluminium*

By Robert Gibbens in Montreal

ALCAN Aluminium has *forecast* continuing tight supply in world aluminium markets through 1989 because of strong demand and rock-bottom inventories.

Mr David Morton, the Canadian group's president, told the annual meeting that as a result the earnings outlook for the current year was favourable. The only threat would come from rising interest rates in North America and Europe, which could produce a recession.

Aluminium prices have declined from the peak set last summer when Alcan's posted price was US$1.12 per pound in North America.

However, any interruption in production could upset the supply-demand balance dramatically, Mr Morton warned.

Planned expansion over the next two years will add less than 2 per cent to existing capacity, against demand growth now estimated at about 5 per cent annually.

Alcan shareholders approved a three-for-one stock split, effective May 9. Capital spending this year will top US$1bn, up from US$670m in 1988, mainly for smelter modernisation in Quebec and *additions to* fabricating facilities and other businesses. Last year Alcan earned US$931m or US$5.77 a share on revenues of US$8.5bn.

Surge at roller bearings division helps boost SKF

By Robert Taylor in Stockholm

SKF, the world leader in roller bearings, has reported a rise of 132 per cent in pre-tax profits *to SKr590m ($92.6m)* for the first quarter of 1988. Group turnover climbed 22 per cent to SKr6.31bn.

The company said growth showed no signs of weakening. Performance was particularly impressive in the roller bearings division where profits almost quadrupled – from SKr162m to SKr483m on sales 23 per cent higher at SKr5.31bn.

Planned cost-cutting measures at SKF's plants in Italy and West Germany are to go ahead and the restructuring in the Swedish operations, which *started in 1988, will continue* over the next couple of years.

Latin American markets showed signs of recovery, while in the Asian Pacific region, where SKF recently opened a new sales outlet, demand continued to improve.

Anti-dumping restrictions in the US, due next month, will have an impact, the company said. Although it manufactures locally 80 per cent of all it sells in the US, *its* remaining production will be affected by legislation.

Sales of cutting tools increased by 7 per cent in the quarter, rising from SKr288m to SKr307m. *However,* pre-tax profits narrowed from SKr33m to SKr30m, mainly due to difficulties in Brazil.

The performance in components showed a dramatic improvement, with a 70 per cent jump in profits to SKr80m on sales up 19 per cent at SKr836m.

Total-CFP 12% ahead

By George Grahamin Paris

TOTAL-CFP, the French state-controlled oil company, reported net profits last year of FFr1.47bn ($231.5m), excluding minorities, up 12 per cent from 1987.

The company said its result, excluding the effect of variations in the value of its oil stocks, showed a 73 per cent improvement to FFr2.06bn on sales 4 per cent lower at FFr83.3bn.

Capital gains from asset sales amounted to FFr600m last year, compared with FFr1.6bn in 1987. The variation in stock value had a FFr580m negative effect on results, compared with a FFr120m positive effect in 1987.

Total, which is embroiled in an attempt to raise its stake in Norway's Saga Petroleum to 35 per cent, said it had made investments totalling FFr14.4bn in 1988, notably the purchase of CSX Oil and Gas in the US for $675m.

Investments this year are expected to total about FFr10bn.

INTERNATIONAL COMPANIES AND FINANCE

Chemicals side helps boost ENI profits 86%

By John Wyles in Rome

STRONG recovery in its chemicals business helped ENI, the Italian state-owned energy and chemicals group, to raise net profits last year by 86 per cent to L1,136bn ($825m).

The performance was much the best since Professor Franco Reviglio took over the task of restructuring the then loss-making group in 1983. After a 6 per cent fall in lira terms in 1987, revenues improved by 4.3 per cent to L33,100bn. This puts sales back close to their 1986 level.

A confident Professor Reviglio forecast yesterday another strong year in 1989 with an anticipated net profit of L1,600bn. Since his term as ENI president closes at the end of October, he was at pains to point out that by then the group will have accumulated more than L5,000bn in profits since it returned to the black in 1985, investing in the process more than L29,000bn.

The energy divisions contributed around 60 per cent of last year's profits, chemicals 30 per cent while 10 per cent came from mechanical engineering, services and textiles.

The performance of the non-energy sectors more than compensated for a slight fall in profits from oil and gas production, refining and distribution. Energy sales fell by L652bn, but chemicals sales rose by L1,206bn, engineering and services by L287bn and metals by L512bn.

Amortisation costs fell slightly to L3,654bn.

SMH to step up dividend

SMH, the Swiss watch group, reports net profits of SFr105m ($63.3m) for 1988, up from SFr77m in 1987. As a result the company is stepping up its dividend to 8 per cent from 6 per cent, writes Our Financial Staff.

Group sales improved from SFr1.72bn to SFr1.85bn. SMH said sales rose by 6 per cent, excluding discontinued operations. The 1987 figure is for net sales, and the 1988 figure for gross sales.

Akzo raises income and sales in first quarter

By Our Financial Staff

AKZO, the Dutch chemicals and fibres group, reports a 17 per cent increase in net profits to Fl 227.3m ($108m) for the first quarter of 1989 compared with the same period last year.

Sales rose by 13 per cent to Fl 4.5bn as the buoyant trading conditions prevailing last year washed over into 1989. Chemicals were again an especially good performer, Akzo said yesterday.

The strong demand allowed the company to increase a broad range of selling prices during the quarter. On average prices rose by 6 per cent. Adjusted for price changes, currency factors and acquisitions, turnover for the quarter was just 1 per cent higher, Akzo said.

In chemicals, sales advanced 11.6 per cent to Fl 1.64bn while operating profits in the division rose by 23 per cent to Fl 207m. The performance was mostly underpinned by the salt and basic chemicals business.

Man-made fibres also continued to move well, lifting sales by 11 per cent to Fl 1.31bn and pushing earnings ahead by 9 per cent to Fl 72m. Two years ago, man-made fibres were in the red.

Pharmaceuticals showed stability, Akzo said. Sales of health care and related products rose by 8.4 per cent to Fl 632m and earnings by 6 per cent to Fl 87m. The coatings operations, for which Akzo has been actively acquiring new business lines, boosted sales to Fl 795m and pushed up earnings by 20 per cent to Fl 42m.

For 1988 as a whole Akzo turned in net earnings of Fl 840m on total turnover of Fl 16.6bn. It paid a Fl 7.50 a share dividend.

Buoyant Sasea proposes rights

By William Dullforce in Geneva

SASEA, the Geneva-based investment banking group led by Mr Florio Fiorini, reports a 63 per cent increase in net consolidated earnings to SFr20.4m ($12.4m) in 1988 and expects to achieve a further rise to SFr36m this year.

The group, which operates a constantly changing portfolio of participations in European banking, insurance and property companies, has also disclosed details of a one-for-one rights issue which will double the share capital of Sasea Holding from SFr201m to SFr402m.

The motivation for the capital increase lies in the 1988 consolidated balance sheet, which reveals a 56 per cent rise in total liabilities to SFr1.55bn against an increase of only 14.7 per cent to SFr238m in shareholders' funds.

Current liabilities at SFr734m are more than covered by current assets of SFr798m, but Mr Rodolphe Rossi, director-general, said the intention was to bring total equity back to its former level of half total liabilities.

At present Sasea runs some 40 participations, most of them minority holdings, including an indirect stake in Pathe Communications Corporation and, through Eurogest, a majority holding in Scotti Finanziaria, a Milan real estate company with net assets of L800bn ($581m).

Just over 2m new shares will be issued in the rights offering, the price of which will be fixed on Monday. Of these, 51 per cent will be taken up by a "hard core" of shareholders and 10 per cent by associated friendly investors.

Linotype ahead on heavy demand for laser printers

By Haig Simonian in Frankfurt

NET PROFITS at Linotype, the West German printing electronics group, rose 27 per cent to DM52.8m ($28.2m) last year, slightly ahead of forecasts.

The group, which was floated in October 1987, is increasing its dividend by DM2 to DM13 a share.

Group sales rose by 18.7 per cent to DM610.8m last year, with increases of 16 per cent in the US, 20 per cent in the UK and 38 per cent in Canada.

Announcing the results, Mr Wolfgang Kummer, Linotype's chief executive, said that order levels in the first quarter of this year had risen 15 per cent to 20 per cent, with strong demand for products such as the new Linotronic 200 (L200) laser-image setter introduced in September.

Mr Kummer declined to give sales and profits figures for the first three months of this year. However, both sales and profits had shown "double-digit" percentage increases, and the signs were that 1989 "should take a very satisfactory course," he said.

Orders for the L200 had reached around 1,500 units. New products in the pipeline include a new line of faster image processors, which link personal computers with the group's laser-image setters.

Atlas Copco makes strong start to year

By Robert Taylor in Stockholm

ATLAS COPCO, the Swedish mining, construction and industrial equipment manufacturer, reported yesterday that first-quarter profits (after financial items) rose by nearly 25 per cent compared with the same period last year, from SKr248m to SKr330m ($52m).

Orders received rose by 22 per cent to SKr4.16bn, while turnover increased by 23 per cent to SKr3.49bn.

Atlas Copco also announced that the 1988 dividend, up from SKr7.50 to SKr8.50 a share, had been approved by the shareholders.

French insurer shows rise of 45%

By George Graham in Paris

GROUPE des Assurances Nationales (GAN), the French state-owned insurance group, has reported a rise of 45 per cent in net profits to FFr1.93bn ($303m) for 1988.

Mr François Heilbronner, GAN's president, said the rise came from a substantial improvement in operating results in the accident insurance division, especially on motor insurance, and from strong investment earnings.

Total revenues rose 12 per cent to FFr23.6bn, with the proportion accounted for by life insurance rising again to 43 per cent. Technical provisions rose by 14 per cent to FFr70bn.

In the domestic fire and accident division, revenues rose 5 per cent to FFr7.55bn, and net profits trebled to FFr620m, with FFr736m of investment earnings offsetting underwriting losses of FFr115m.

Corporate insurance activities produced an operating loss, but individual motor insurance turned from an operating loss last year to an operating profit of FFr25.6m.

Mr Heilbronner said GAN had benefited from an improvement in French driving habits in the second half of 1988, but also from its efforts to be more selective over who it insured and from the sizeable provisions it had established in recent years.

In the life sector net profits rose 18 per cent to FFr711m, on revenues of FFr6.9bn and an underwriting profit of FFr21.7m.

GAN, which at the end of this month will complete an operation giving it control of the state owned retail banking group CIC, is to raise its dividend to the state by 50 per cent to FFr252m.

Mr Heilbronner said 1989 had begun well, with activity in the first quarter ahead of budget in all sectors, but especially in life business.

● Club Med, the French leisure group, is to take a 34 per cent stake in Nouvelles Frontieres, a tour operator with a network of 52 travel agents.

Investors rush for shares in Portuguese brewer

By Diana Smith in Lisbon

PORTUGUESE AND foreign investors this week swamped the Oporto bourse with orders for shares in Unicer, the first state-owned company to offer 49 per cent of its capital to the public.

The semi-privatisation of Unicer, a brewing company, is part of a government plan to reduce public debt, which stands at 80 per cent of the gross domestic product. That was largely caused by the losses of companies nationalised in the 1975 revolution.

The success of this week's operation bodes well for semi-privatisation of Banco Totta e Acores, scheduled for June, and of the Aliana Seguradora and Tranquilidade insurance companies, scheduled respectively for July and September.

In the lively special session in Oporto – chosen over Lisbon because Unicer is a northern company – there were nearly three times as many orders as shares available: 3.18m shares at a basic price of Es2,500 each ($16) were bombarded with orders at prices from Es2,800 to Es6,000.

Had enough shares been available the sale would have fetched Es26.5bn ($170m). As it was it raised Es9.5bn, a sum that Mr Miguel Cadilhe, the Finance Minister, called "highly satisfactory." Unicer's 11,866 new shareholders had to be registered by name to comply with government restrictions on the number of shares held by an individual or group in Portugal (not more than 20 per cent of privatised capital) or foreign investors (not more than10 per cent of privatised-capital).

There are also restrictions on transactions by Unicer staff or small shareholders, who were able to buy up to 200 shares each at special prices of Es2,300 and Es2,400 respectively. These cannot be sold for two years.

Banco Portugues do Investimento, the private sector investment bank that organised the Unicer operation, had received signals of strong foreign interest since the semi-privatisation was first announced.

This was confirmed in Wednesday's special session: pressure of large foreign orders – reportedly from a number of European breweries and major pension or investment funds – used up the limited foreign buyers' quota in the first part of the public offer. This was reserved for buyers of a minimum 5,000 shares each. The entire foreigners' quota was acquired by Banco Hispano-Americano on behalf of individual Spanish shareholders.

Foreign bids for shares in the second tranche, for purchase of a minimum of 1,000 shares per buyer, could not be satisfied.

Foreign buyers ended up with 10 per cent of the volume and 12 per cent of the value of new Unicer shares. Generally they offered much higher prices than Portuguese bidders – an average Es3,800 compared with Es3,050 for Portuguese buyers.

Also reportedly eager to buy were new Portuguese economic groups located in the north, and families which ran breweries before nationalisation in 1975. Foreign and Portuguese groups seem to be moving into place for full privatisation of Unicer, expected in the next two years.

The authorities picked Unicer as the first candidate for semi-privatisation because it was an exceptionally well managed and profitable company and looked like an easy sale, and because beer, the Government feels, need not be a state-owned activity.

The new shareholders will have two directors on the Unicer board, due to be elected at a special general meeting in the next few months. The company now has 1,904 worker-shareholders, 9,869 small shareholders, 204 shareholders with more than 5,000 shares each and 96 foreign shareholders.

UK leather industry shake-up

By Nikki Tait in London

THE FUTURE of Britain's much diminished leather industry became slightly clearer yesterday as Hillsdown Holdings, the large food, furniture and property group, made the surprise move of selling its 17 per cent stake in tanning group Pittard Garnar to rival leather manufacturer, Strong & Fisher.

Strong, which now has an aggregate 27.4 per cent interest in Pittard, added that it will not be renewing its bid for the other leather company at the moment.

Strong's £41m ($69m) offer for Pittard last autumn was referred to the Monopolies and Mergers Commission but, earlier this month, the company was given clearance to make another bid.

Strong said it had decided not to return at this stage in the light of "present circumstances" – in particular, because of the "current high market price" of Pittard. Pittard shares have risen from under 200p to over 300p since the start of 1989. Yesterday they fell 12p to 278p.

Under Takeover Panel rules, Strong is required to make a new offer by next Tuesday. It is now able to rebid in November – the first anniversary of its previous offer – but only if it makes a cash offer at the highest price at which it has acquired Pittard shares in the intervening period.

It will be April 1990 before it can rebid with no conditions attached.

Meanwhile, Hillsdown said that the sale of its stake had been prompted by Pittard's refusal to recommend a full offer and by the rise in the Pittard share price.

It also approached Strong with the aim of acquiring Strong's 10.4 per cent interest in Pittard, but had no success there either.

Instead, it has sold its 3.68m shares to Strong at 302p apiece which, it calculates, is marginally in excess of its average buying price. The deal, it added, signals the end of its interest in the Pittard situation.

INTERNATIONAL COMPANIES AND FINANCE

Putting Ireland on the investment market

The IDA, once a model development agency, is rising again, says Hazel Duffy

Ireland's Industrial Development Authority was the model for development agencies in Europe in the 1970s, when the IDA had a remarkably good run bringing overseas companies to Ireland.

Then came the tough years. The economy dived into a period of high inflation. Labour costs were rising. Some foreign companies, which had been lured in by the attractive financial packages, packed their bags when the tax incentives expired. Multinationals became a byword for redundancies among the Irish.

Today, things are looking up again. Inflation and interest rates are well below UK levels. There is a new air of business confidence. Ireland, in contrast to much of Europe, has plenty of young people.

The IDA is publicising Ireland overseas with a new vigour. "There's a motivation which has not been there since the late 1970s," says Mr Ray Burke, minister for industry and commerce. "They have a product to sell again. The overseas investment in the pipeline has never looked so good."

Almost daily, small groups of Japanese and Korean businessmen arrive in Dublin to talk with ministers and the IDA. They will be aware of Ireland's attractive corporate tax and depreciation allowances. Last year, the IDA opened an office in Seoul and doubled the size of its Tokyo office. Offices in Houston and Cleveland in the US, and in Paris have been closed.

IDA officials stress, however, that it is encouraging industry to develop within a much more focused strategy than in the 1970s. This applies to Irish companies as much as to foreign investors.

They have identified three sectors as the key to building a durable industrial base in Ireland: foreign companies, medium-sized Irish-owned companies and small firms.

Inward investment is still very important. The emphasis on Japan is directed towards securing parts manufacture, to supply Japanese plants elsewhere in Europe, and so meet the local content required by the European Commission.

A recent example was Fujitsu's decision to set up an operation to supply parts for its printer assembly plant in Spain. The plan is that the investment will lead to additional printer assembly capacity in Ireland. Detailed discussions are also being held by the IDA with another, unnamed, Japanese company for the fabrication of computer wafers.

Such investments are highly competed for in Europe. But Mr Kieran McGowan, executive director for overseas investment, believes that "the tide is

Ray Burke: "They have something to sell again"

turning away from the UK [which has attracted one third of total Japanese investment in the European Community] towards Ireland, because of growing labour shortages in the UK."

However, the IDA has not relented on its drive in the US, which will remain the major overseas source of investment. Nearly 3,000 jobs were promised by 32 new American investments last year.

The IDA has been criticised for "buying" foreign investment with over-generous grants. It was argued that these led to some of the failures, like Hyster, which three years ago closed its automated handling systems plant near Dublin.

Ireland, in common with other European governments, has tightened up on grants. The average rate of assistance for foreign companies, at about one third of the cost of setting up, is still higher than for expansion projects by Irish companies. But both are tied much more closely to achievement of job targets, and repayment of grants when the project is up and running.

The IDA is increasingly investing in the form of preference shares, so that there is a return. Or it links its money with specific needs, like the improvement of marketing techniques.

Ireland has a handful of companies which have succeeded internationally. But the indigenous industrial base is small. The IDA wants to strengthen it. Small firms are being encouraged to grow in part through programmes which link them with the multinationals that have been set up.

But larger companies, particularly in engineering and food processing, are seen as having the potential to capitalise much more on their strengths. If they do not, the fear is that increasingly they will be takeover targets as the single European market nears completion.

Selected companies, many in the food sector, have had financial backing from the IDA. Food Industries, in which Mr Larry Goodman, the meat magnate, has a majority stake, is one. On a smaller scale, it announced recently that it would be helping the Agra group set up advanced packaging facilities which will enable the company to supply meat as joints with a prolonged shelf life to German supermarkets.

Too often, this market-led approach is lacking in Irish business, the IDA argues. In food, in particular, the chain stops at the point where the producer supplies the company, usually foreign, which supplies the supermarkets.

The IDA's tactics in "picking winners" have already attracted critics, who say that public money is going to highly profitable companies and not those struggling to grow.

Mr Burke defends the strategy. He stresses that the process is not all one way. The Government has told Irish companies that it expects them to play their part in putting the economy on to a firmer base, and creating jobs.

The IDA also has less money. Its budget was cut by £10m to £120m ($202m) this year. The organisation is slimmer, and more determined that there will be a payback for its investments.

US plastics group plans expansion in Europe

By Peter Marsh

HANNA, a fast-growing US plastics company, is looking at possible acquisitions in Europe as part of its plan to double its annual sales to $2bn by 1993.

Mr Jim Courtney, a Hanna vice-president, said in London recently that the company had no particular targets in Europe, but it was anxious to step up its presence on the Continent in the fields of resins distribution and compounding.

Only about 10 per cent of Hanna's sales are outside North America.

Compounding, one of Hanna's main business activities, describes the mixing of specific plastics materials bought from big chemicals producers which are sold to manufacturers to be turned into finished products.

Hanna, which was set up in 1885, has expanded aggressively since 1986, mainly by acquiring small privately-owned resins and plastics businesses in the US. Annual sales in 1986 of $130m have been transformed to a revenue last year of $1.02bn, of which net income amounted to $83m.

Plastics activities account for 90 per cent of sales, with minerals, mainly sales of iron ore, comprising the rest.

The Cleveland, Ohio-based Hanna has a small plastics manufacturing and sales operation in Dundee, Scotland, which Mr Courtney said that the company was "thinking about expanding."

Hanna – one of whose directors is Mr Conrad Black, chairman of the Daily Telegraph, the British newspaper – has spent some $500m over the past four years on its acquisitions policy. The company has obtained this cash largely by selling stock, and has also issued $110m worth of junk bonds.

Philips seeks to give up control of ailing Indian affiliate

By R.C. Murthy in Bombay

PHILIPS of the Netherlands is seeking to give up management control of Peico Electronics and Electricals, its Indian affiliate, which is the country's market leader in lighting but is going through a bad patch.

The Dutch company has been exploring the possibility of sharing power with an Indian entrepreneur, who, it is hoped, would help expedite official approvals for new projects and deal with management and labour problems arising out of a Peico restructuring.

Peico is the market leader for lamps and lighting and also manufactures professional and entertainment electronics products, home appliances and components.

It had Rs3.87bn ($246.9m) sales in 1987 – when profits plunged to Rs10.7m from Rs27.8m and the dividend was cut by a third to Rs1. It appears that the slide continued last year, results for which have yet to be announced.

Peico was known as Philips India until 1979, when the Dutch parent reduced its stake to 39.7 per cent in line with Indian foreign exchange regulations. Philips retained management control with support from state-owned investment institutions.

The affiliate was a victim of prolonged delays in official clearance of new projects. When its plan to produce colour television sets was approved after a couple of years' delay, Peico found it difficult to compete with Indian makers, by then entrenched.

Indian entertainment electronics is based on screwdriver technology, with most companies importing kits of audio and video equipment from Japan for assembly before sale.

Philips has shortlisted some half dozen Indian groups as possible management partners. One of these, the fast-rising Videocon, has rejected Philips' invitation to join Peico, whose technology is considered outdated and labour costs too high.

When an equity offer is next made by Peico, Philips may pass on its rights in the issue to the new partner.

OBITUARY

Matsushita: 'god of management'

MR KONOSUKE Matsushita, founder of the Matsushita electronic products manufacturing group known for its Panasonic and National branded consumer electronic products, died yesterday in an Osaka hospital at the age of 94.

Mr Matsushita was regarded as the "god of management" in Japan: first for his pioneering work in establishing mass production of consumer electrical products, and later for his numerous publications setting out his management philosophy. "The real mission of Matsushita Electric is to produce an inexhaustible supply of goods, thus creating peace and prosperity throughout the land," he told his employees in 1932.

After the Second World War, the company acquired a reputation as a brilliant follower, making its radios and televisions from concepts first advanced by other companies such as Sony and then marketing them more successfully than their rivals.

Mr Matsushita retired in 1973 but remained active in various philanthropic causes, notably the Peace and Happiness Institute, which he founded in 1946 and the Matsushita School of Government and Management.

Born the third son of a landlord in Wakayama Prefecture, he was forced to quit primary school after his father's unsuccessful speculation in the rice futures market. At the age of nine, he started working as an apprentice at a charcoal brazier seller and later at a bicycle shop.

In 1910 he joined Osaka's electric power utility, but decided to leave eight years later when his superiors showed no interest in his ideas for improving electrical sockets. He set up an electric bulb manufacturing factory in a house he rented for Y16.5 a month. From that beginning, his company grew into a worldwide group with annual sales of Y5,000bn ($37.9bn).

Konosuke Matsushita: guru of consumer electronics

Pickens rebuffed by Koito a second time

By Stefan Wagstyl in Tokyo

MR T. BOONE Pickens, the Texan corporate raider, has been rebuffed a second time by Koito Manufacturing, the Japanese auto parts company where he has acquired a stake worth more than $1bn.

Koito, which earlier refused an offer of management advice from Boone Co, Mr Pickens' private investment company, this week rejected a request from Boone for three board seats. It is believed Boone asked for three because Toyota Motor, the top Japanese car maker which has 19 per cent of Koito, nominates three board members.

Boone acquired a 20.2 per cent stake in Koito last month from Azabu, a grouping of property, car importing and investment companies headed by Mr Kitaro Watanabe, an aggressive stock market operator. Mr Watanabe sold his stock after failing to force Koito or Toyota to buy his shares back at inflated prices.

In rejecting Mr Pickens' request, Koito raised the question of whether Boone Co has really bought Mr Watanabe's stake outright.

In a letter to Boone Co, Koito said it was entitled to know whether any option, repurchase or security agreement or another arrangement covered the deal. It added: "Until these questions are satisfactorily addressed, we do not think it would be appropriate to respond formally to your requests."

Meanwhile, the Ministry of Finance is investigating the way in which Azabu Motor, a member of the Azabu group, acquired its stock. The ministry believes Azabu infringed a law which came into effect last October, requiring holders of stakes of 10 per cent and more to disclose them.

Azabu held some of its shares outright and some through margin transactions, in effect bought on credit at stockbrokers. The ownership of shares bought on margin stays with the broker until the shares are paid for in full. Nevertheless, the ministry suspects the 10 per cent level was breached before the shares passed to Boone Co.

Under the law, any profits made on the sale of illegally-held shares made within six months of the purchase can be claimed back by the target company, in this case Koito.

Market share down for Ford Australia

By Chris Sherwell in Sydney

A SURGING domestic economy has helped Ford Australia lift its 1988 profits by 2¼ times, but strong competition saw its market share slip across all vehicle categories.

Figures released in Melbourne yesterday for the Australian offshoot showed after-tax profits of A$95m (US$75.5m) for the year to December, up from A$37.4m the previous year, on sales which rose 18 per cent.

But while Ford maintained the largest slice of the market, its actual share slid from 28.6 per cent to 25.7 per cent. The figure for passenger cars, where competition has been toughest, dropped from 31.1 per cent to 28.1 per cent. There were also falls in the light, medium and heavy vehicle sectors.

Mr Bill Dix, president of Ford Australia, attributed the group's improved profit to the success of its new Falcon range and the effectiveness of its long-term investment programme, which has cost A$840m since 1985.

He said he was aiming for better results in the current year, when he expected the total market to increase by 11 per cent to 580,000 vehicles. The increase in 1988 was more than 15 per cent from the poor 1986 year.

Ford has now managed to retain market leadership over its four local rivals for seven consecutive years, during which time its Falcon has also been the best-selling car. The group has second place in the truck sector.

This year, the Falcon is under strong pressure from the Commodore, which is also being produced to an all-new design and is made by Holdens, part of the General Motors group of the US. The other local manufacturers are Toyota, Nissan and Mitsubishi.

All five benefit from import protection, though this is declining and the Australian Government's car plan is encouraging rationalisation. Ford, for example, has begun co-operating with Nissan to produce a medium-sized car.

As a result the industry's future, according to Mr Dix yesterday, "now appears much brighter than during the past few years, and the groundwork is being laid for local manufacturers to become internationally competitive."

Indian Airlines increases fleet to improve profits

By K.K. Sharma in New Delhi

INDIAN AIRLINES, the carrier which operates mainly on domestic routes, expects to improve its profitability this year. This is because its fleet will be increased by the induction of the first of 19 Airbus A300 aircraft it has ordered, and by using additional Boeing 737s and Soviet planes on lease.

Shortage of aircraft has seriously affected Indian Airlines' performance because of accidents and grounding of some planes for maintenance. Cancellation and delays of flights eroded profitability, and the Government-owned corporation now estimates its 1988-89 net profit at just Rs500m ($31.9m).

This is a sharp fall from the Rs756m made in 1987-88 when Indian Airlines recorded its best results. The corporation expects to improve its performance this year with the arrival of the new aircraft. Four Boeing 737s and two Soviet aircraft have already joined its fleet; the first of the Airbuses is expected in June.

Indian Airlines also has the option of buying another 12 as well as obtaining more on lease.

Indian Airlines has been under strong attack for a deterioration in its services in the past year and it is seeking government approval to acquire more aircraft. This has been held up because of a shortage of hard currency but the company has made a strong case for priority treatment because of the foreign exchange it earns from tourists.

Air India, the state-owned international airline, closed the last financial year with signs that it will have made a profit of about Rs200m in 1988-89. This is a considerable improvement after a net loss of Rs434m the previous year. It reflects increased non-stop services to destinations in Europe, particularly London, Frankfurt and Paris, as well as one non-stop weekly flight to Tokyo. Faster services are now planned to Australia.

Air India has given a letter of intent to Airbus Industrie for purchase of two additional A310s for delivery next year.

India's third airline, Vayudoot, which operates mainly on less economical regional routes not served by Indian Airlines, expects to make a loss of Rs63m in 1988-89, somewhat less than the loss of Rs78m registered the previous year.

Midland Bank's German unit slips

TRINKAUS & BURKHARDT, the majority-owned West German private-banking subsidiary of Midland Bank, saw a fall of 12.9 per cent to DM72.1m ($38.4m) in partial operating profit last year, mainly because of higher administrative spending and lower commissions, writes David Lascelles.

Total assets grew 9.7 per cent to DM6.8bn.

South African banks ahead

By Jim Jones in Johannesburg

SOUTH AFRICA'S banking groups have been reporting strong results for the six months to March, despite credit curbs and higher interest rates which restrained demand for consumer credit and mortgages.

Nedcor, the third largest and formerly named Nedbank, was helped by its merger with the South African Permanent Building Society.

Nedcor said yesterday that its interim operating profit before tax and provisions for bad debts increased by half to R210m ($82.3m) from R140.6m in the corresponding period of 1988. Pre-tax profit rose to R178.8m from R114.6m.

First National Bank, the market leader, lifted total advances by 11 per cent. Banking margins widened as the Reserve Bank allowed interest rates to rise, and profit after tax for the former Barclays offshoot increased to R98.9m from R89.1m.

Advances increased to R23.44bn at the end of March from R21.10bn at the end of September and R18.79bn a year earlier. Total assets were R30.23bn against R28.15bn at the end of September.

Net interest income rose 20.8 per cent to R548.4m. Although growth in demand for consumer and mortgage credit has slowed, corporate demand for credit is rising, with increased spending on fixed assets.

Interim net earnings increased to 135.9 cents a share from 122.7 cents, and the dividend is unchanged at 35 cents. Last year's total earnings were 284.5 cents and the year's dividend was 112.5 cents.

Taking up the settlement gauntlet

Andrew Freeman on markets' initiatives to achieve standardisation

When an influential international think-tank like the Group of Thirty produces a major report, initial enthusiasm tends to give way to lethargy among all but a small percentage of its audience.

However, despite its arcane subject, the recent report on Clearance and Settlement Systems in the World's Securities Markets is proving an exception. Its authors believe that the importance of settlement, the hidden aspect of the trading and exchange of securities, has finally been recognised by people who for years have deprived it of essential investment.

The report was the Group of Thirty's response to a perception, largely generated by the poor records of particular markets such as Spain, Australia, the UK and Italy, that present standards of clearing and settlement are inefficient, generating hidden costs and unacceptable risk.

It made nine recommendations designed to reduce risk by encouraging the standardisation of settlement and clearing procedures on the world's major markets. An ambitious timetable for the implementation of the changes was set out.

Among the suggested measures were trade matching no later than one day after trade date (T+1); the creation of central depositories; the introduction of trade netting systems to pool transactions and offset buys and sells, as well as delivery versus payment systems to reduce exposure caused by delayed payments; the introduction of rolling settlement giving final settlement no later than T+3; and the use of standard international numbering for all securities.

A series of initiatives across the world's markets has followed publication of the report last month. Mr David Holland, executive director of the Group of Thirty, said: "The take-up of our recommendations has been way beyond our expectations."

Mr Holland thinks the interest in the report is proof of the extent to which the importance of settlement and clearing systems is now recognised. However, he is quite clear on the Group of Thirty's post-publication role. "We have parked our report and invited countries to get on with it. It's out of our hands now."

Nevertheless, the Group of Thirty is keeping a watching brief, using the experience and influence of its committee members to prod the more reluctant markets into action.

In addition, an education programme is under way, whereby Mr Holland and others are visiting some of the world's smaller markets and attending seminars explaining the recommendations.

This performs two functions. First, it reassures countries that were not represented directly on the Group's working or steering committees that their opinions and markets are important. Second, it helps to persuade recalcitrants that the best way to raise the international profile of their market and stock exchanges is to aim for more efficient basic settlement systems.

In some of the more developed markets, there has been a rapid response to the report. In Switzerland, for example, the board of the Association of Swiss Exchanges agreed to act as an umbrella organisation under which a working group would be formed to produce a detailed assessment of the Swiss market.

That working group had its first meeting early this month and is now reviewing the markets to try and identify areas where progress will be needed to fulfil the report's recommendations.

"We are not taking a minimalist approach," said Mr Kurt Meuche, senior vice president of Union Bank of Switzerland. "The aim is to compare how we are now with the aims of the Group of Thirty report. We will use them to give us direction, but intend to go even further if we can."

In Germany, Mr Henning Tonsmann, senior vice president of Deutsche Bank, described a brief mood of self-congratulation after the appearance of the report: "There was a feeling that we already had many of the features recommended by the Group of Thirty, either in existence or on the drawing board."

For example, Germany has an efficient settlement system offering settlement two days after trade date (T+2), better than the Group of Thirty's goal of international T+3 settlement on all exchanges by 1992.

"There was some controversy here," said Mr Tonsmann, "with some people arguing that we shouldn't in effect go backwards to go forward." However, a consensus has subsequently been reached that Germany must not exclude itself from international standardisation.

The fate of the Group of Thirty's recommendations lies in the hands of the long-established and influential working group for securities transactions matters which is an offshoot of the German Bankers Association. The working group is expected to make its own recommendations to the German securities industry.

The federal system means that implementation of these recommendations will lie in the hands of the six Kassenverein, the regional bodies that oversee local markets and exchanges.

However, it is understood that moves are underway to replace this unwieldy structure with a single entity responsible for the whole of Germany. Bankers point to the recent combining of rival stock exchange computer systems as an encouraging sign of progress.

One market that won praise for its response to the report was the UK, privately acknowledged to have been one of the problem markets identified by the Group of Thirty working committee.

Despite the UK securities markets' international pretensions, settlement procedures have long lacked investment. In 1987 there were notorious backlogs as heavy trading caused a paper shuffle which at times bordered on farce.

London's custodian banks admit that a new surge in trading volumes would almost certainly lead to a repeat performance.

Literally within hours of the report's publication, the formation of a steering group chaired by Mr Andrew Hugh-Smith, chairman of the International Stock Exchange, was announced.

Since then, a further body has been discreetly created under the umbrella of the steering group, a working group that will report to Mr Hugh-Smith's committee. The membership of the working group is still being selected, but a chairman has been appointed and is drafting the group's terms of reference.

This speedy response was clearly inspired by a recognition on the part of the exchange that it has to make a substantial investment in settlement and clearing if London is to retain its position as an important centre of international investment.

The UK picture is complicated by the presence of the Siscot committee which recently reported its proposals on the controversial Taurus settlement and registration system. There is an obvious danger that the plethora of committees might work at cross-purposes, producing a mass of contradictory suggestions.

However, members of the various committees stress the extent to which they are all in touch with each other. "There is a real head of steam behind these proposals," said one senior banker, "and we will be making sure we don't get our wires crossed."

The responses of other markets will be examined in a further article next week.

FT INTERNATIONAL BOND SERVICE

Listed are the latest International bonds for which there is an adequate secondary market. Closing prices on April 27

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9½ 95	600	98	98⅜	0	+0⅛	9.75
Austria 9⅝ 93	140	99⅛	99⅝	0	+0¼	9.81
B.F.C.E. 7 92	150	92⅜	92⅞	0	+0¼	10.02
B.F.C.E. 9¼ 95	150	96⅞	97½	+0⅛	0	9.81
Brit. Tel. Fin. 9⅝ 98	250	97⅛	97½	0	-0½	9.81
Campbell Soup 9⅛ 93	100	95⅜	96¼	+0⅛	+0¼	10.25
Canada 9 96	1000	98	98⅝	+0⅞	+0½	9.35
Canadian Pac 10⅛ 93	100	†101	102	0	-0¼	10.27
C.C.C.E 9¼ 95	300	97⅞	98	+0⅛	+0⅜	9.76
C.N.C.A 9⅜ 93	150	98	98⅜	+0¼	+0⅜	6.83
Credit Lyonnais 9 91	200	†98	98½	0	+0⅛	10.05
Credit National 8¾ 93	200	94⅞	95⅛	+0¼	+0⅜	9.83
Credit National 7⅞ 92	100	93⅜	93⅞	+0⅛	+0⅛	9.94
Credit National 9½ 92	160	99⅝	99¾	0	0	9.64
Dai-Ichi Kan 9⅝ 92	150	98⅝	99⅛	0	-0⅛	9.99
Denmark 7⅛ 92	500	92⅝	93⅛	0	0	10.10
E.E.C. 7 91	100	93⅜	93⅞	0	0	9.86
E.E.C. 7¼ 93	250	91⅞	92⅜	+0⅛	+0¼	9.83
E.E.C. 10 93	140	100⅝	100⅞	+0⅛	+0⅛	9.75
E.I.B. 7⅜ 93	100	91⅞	92⅜	+0⅛	+0¼	9.80
E.I.B. 9⅜ 97	150	97⅞	98¼	+0¼	+0⅜	9.72
Eurofima 10⅛ 93	100	101¼	101⅞	+0⅛	+0½	9.71
Elec. De France 9 98	200	95⅛	95⅝	0	-0⅛	9.80
Finland 7⅞ 97	200	89½	90	0	0	9.81
Finn.Exp.Cd. 8½ 92	200	95⅞	96⅜	0	0	10.10
Finn. Exp. Cd. 9⅛ 95	200	97⅛	97½	0	-0⅛	9.95
Ford Motor Credit 8 91	250	†95⅞	96⅛	0	-0⅞	10.41
Ford Mtr. Credit 10 92	200	98⅞	99¼	+0⅛	+0½	10.35
Gen.Elec.Cap.Corp. 9 93	500	†96⅛	96⅝	0	-0⅛	10.00
Gen.Elec.Cap.Crp.10 1/2 91	300	100⅝	101⅛	0	0	9.94
Gen. Mtrs.Corp. 9⅛ 92	200	97	97⅜	0	-0⅛	10.19
IBM Credit Corp. 8⅞ 91	250	97½	98⅛	0	-0⅛	9.88
IBM Credit Corp. 9½ 92	250	98¾	99¼	+0⅛	-0¼	9.90
Italy 9½ 95	1000	98⅛	98½	0	-0¼	9.85
Italy 9⅝ 99	1000	†98⅜	98⅞	0	0	9.84
L.T.C.B of Japan 8 91	100	95¼	95¾	0	-0¼	10.25
L.T.C.B.of Japan 9¼ 92	200	97⅝	98⅛	0	+0⅛	9.96
Metropolis Tokyo 9½ 93	200	99	99⅜	+0⅛	+0⅛	9.76
Nippon Tel.&Tel. 9⅜ 98	250	97⅜	97⅞	0	0	9.75
Norway 8¾ 93	500	96⅜	96⅞	0	-0⅛	9.83
Portugal 8¼ 91	300	†96⅛	96⅝	+0⅛	0	10.43
Prudential Crp. 8¾ 94	125	95¾	96⅜	0	0	9.75
State Bk S Aust 9¼ 93	100	†97	97½	0	+0⅛	10.13
Sumitomo Bank 9⅝ 92	150	†98½	99	0	+0⅛	10.03
Swed Exp Cred 7¼ 91	100	†93¾	94¼	0	0	9.91
Sweden 7 91	250	93⅝	94⅛	0	0	9.90
Sweden 8¾ 96	200	95⅛	95⅝	0	+0⅛	9.69
Sweden 8½ 92	200	†95⅝	96⅛	0	0	9.99
Toyota 9½ 91	200	98⅜	99	0	0	10.07
Victorian Rep 11⅝ 92	150	103¼	103⅝	0	-0⅛	10.26
World Bank 7 92	300	†93¼	93⅝	-0⅛	-0⅛	9.83
World Bank 9 97	300	95¾	96⅛	+0⅛	+0⅜	9.73
World Bank 9 93	300	97⅝	98	+0⅛	-0⅛	9.62
World Bank 9¼ 98	300	97⅛	97½	+0¼	+0⅜	9.69
World Bank 9⅝ 99	500	99⅜	99⅝	+0⅛	+0⅛	9.69

Average price change... On day +0⅛ on week +0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	95⅝	96¼	-0⅛	-1⅛	6.90
Austria 6¾ 99	750	98	98¼	-0⅛	-1⅛	7.02
Bank of Tokyo 5¾ 93	100	96⅞	97⅜	+0⅛	-0⅜	6.62
Commerzbank o/s. 5⅜ 93	300	95¼	95¾	-0¼	-1	6.78
Credit Foncier 6¾ 99	500	97⅞	98⅛	-0⅛	-1⅛	8.05
Degussa Int. 6⅛ 97	200	94⅞	95⅝	-0⅛	-0⅛	6.89
E.I.B 5½ 98	150	90⅛	90¾	-0⅛	-1	6.98
E.I.B. 6¼ 99	600	94½	94¾	-0⅛	-1⅞	7.02
E.I.B. 6⅛ 96	300	95	95⅝	-0⅛	-1⅝	6.98
E.I.B. 6½ 99	300	96¼	96½	0	-1¼	7.02
E.I.B. 6⅞ 95	300	100¼	101	+0¼	-0⅜	6.74
Euro.Coal& Steel 5⅞ 97	175	92⅞	93½	0	-1⅞	7.02
Eurofima 6¼ 96	100	96⅛	96¾	-0⅛	-1¼	6.90
Elec De France 5¾ 97	300	93⅜	94⅜	+0⅛	-0¼	6.73
Forsmark Krtg. 5⅛ 93	200	93⅜	93⅞	0	-1	7.11
Hydro-Quebec 6¾ 99	300	97⅞	98⅛	-0⅛	-1⅛	7.03
Japan Dev. Bk. 5⅛ 95	300	93⅝	94⅜	0	-0⅞	6.62
Japan Finance 5¾ 97	100	92⅝	93⅜	0	-0¾	6.94
Ireland 6½ 97	300	97	97½	+0¼	-0⅛	6.96
Malaysia 6¼ 94	150	99¼	99⅞	-0⅛	-0½	6.33
Nat. West BK. PLC 6 98	300	93	93¾	0	-0¼	7.02
N.H.L. Finance 6¼ 95	200	†95¾	96¼	-0¼	-0¼	7.02
Nippon Telg.&Tel. 6 95	400	95½	96¼	-0¼	-1⅝	6.37
Oesters. Kontbk. 5 93	300	94⅝	95⅛	-0½	-1⅛	6.53
Portugal 5¾ 92	150	97⅞	98½	0	-0½	6.39
Portugal 6⅝ 95	150	98⅛	99	0	-0⅛	6.89
Privatbanken 5¼ 93	150	93⅝	94⅜	-0½	-1⅞	7.08
Royal Insurance 5½ 92	300	96⅞	97¼	0	-1⅞	6.65
Soc Cent Nuclear 7¼ 95	150	100⅝	101⅜	-0⅛	-0¼	7.04
Turkey 6½ 95	500	95¼	95⅞	-0¼	-1⅝	7.45
Union Bk.Finland 5½ 94	200	94⅛	94⅝	-0⅛	-0¼	6.93
Westlb. Finance 5 93	200	†93¼	93¾	0	-2	6.98
World BK. 6¼ 97	600	95	95¾	-0⅜	-2	7.35

Average price change... On day -0⅛ on week -1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	*†90½	91½	0	-3⅜	6.60
Asfinag 5 03	100	*†90	91	0	-2	6.00
B.F.C.E. 4½ 98	200	*†90½	91½	0	0	5.78
B.M.W.Fin.Neth. 5 13	150	*†85½	86½	0	+3¼	6.13
Britannia B/S. 4¼ 94	100	*†92	92¼	0	0	6.08
CIR. Int. W/W 3 93	125	*†93	93¾	0	-0⅝	4.83
Credit Lyonnais 4¾ 00	100	*†88	90	0	+1½	6.15
E.I.B 4⅝ 98	150	*†90¼	90¾	0	0	6.00
Fletcher Chall. 4⅞ 98	150	*†88	89	0	+1	6.62
Kobe City 4⅝ 98	150	*†90	90¼	0	-0⅝	6.05
Leeds Perm. B/S. 4⅛ 93	200	*†92	92¼	0	-0⅝	6.44
Malaysia 5¼ 98	100	*†93	93¼	0	-0⅞	6.25
Maxwell Comm.Crp. 5 95	150	*†92	92½	0	+1¼	6.57
Nat.Bk. Hungary 5½ 94	75	*†96½	97	0	-0¼	6.19
Nationwide Ang.B/S. 4 93	200	*†91½	92½	0	-0¼	6.25
Nippon Telg.&Tel.4¼ 95	200	*†93½	94	0	-0½	5.44
Oesters.Ktbk. 5 03	75	*†90	90¼	0	-2⅝	6.05
Prov. Newfoundland 5 03	150	*†90½	91	0	-0¼	5.96
Thailand 4⅝ 95	200	*†91	92	0	-1	6.32
World Bank 5 03	150	*†90½	91	0	-3¼	5.98

Average price change... On day 0 on week -0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6¼ 91	80	101¼	102	0	+0⅛	5.01
Canada 5⅝ 93	80	101¼	102	0	+0⅛	5.11
Eurofima 5 1995	20	99	99½	0	0	5.15
E.I.B. 4⅞ 93	30	98⅞	99⅛	+0⅛	0	5.16
Ireland 5⅛ 93	30	99¾	100¼	0	0	5.22
Norway 5¼ 95	50	99⅞	100¼	0	-0	5.12
Sweden 4⅝ 93	50	98	98¼	+0⅛	-0	5.15
World Bank 5⅛ 98	10	99	99⅝	+0¼	+0⅛	5.23
World Bank 7 94	20	107¾	108¼	0	0	5.15

Average price change... On day +0 on week +0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS.10¼ 93 £	50	95⅛	95⅝	+0⅛	-0⅛	11.80
Abbey Nat. 11⅝ 95 £	100	98½	99	0	+0⅝	11.91
Alg. Bk. Ned. 5½ 92 FL	150	95⅝	96⅛	0	+0⅛	7.16
Alg. Bk. Ned. 5¾ 93 FL	200	96⅛	96⅞	-0⅛	0	6.76
Austria 7½ 94 ECU	100	95¼	95¾	0	-0¼	8.66
Bk.Nova Scot.14⅛ 90 AS	75	95⅞	96⅞	-0¼	+0⅛	16.98
Barclays Aus.13½ 91 AS	100	97⅝	97¾	-0⅛	+0⅝	14.66
Belgium 8⅛ 94 Ecu	150	97⅜	97⅞	0	0	8.74
BP Capital 9¾ 93 £	100	94	94½	+0¼	+0⅞	11.64
British Airways 10 98 £	100	91¾	92¼	+0⅛	+0½	11.47
Buhrmann-Tet. 6⅜ 93 FL	100	97	97½	0	-0¼	7.14
Comm.Bk.Aust. 12⅝ 93AS	100	†92⅜	92⅞	-0⅛	+0⅜	15.16
Coop.Ctr.Rabo.6¼ 93 FL	100	98⅝	99⅛	0	0	6.59
CrLocalFrance 9¼ 92Ecu	100	101¼	101¾	0	-0¼	8.66
Deut.Bk.Aus. 13⅜ 93 AS	125	†99⅝	100⅛	+0⅝	+1¼	13.35
Eastman Kodak 13 90 AS	100	†94⅞	95¼	0	+0¼	17.32
E.I.B. 7 96 LFr	100	†97¼	98¼	0	0	7.43
Elec.France 10¼ 95 CS	125	†97⅞	98⅜	+0⅞	-0⅛	10.67
Eurofima 7⅝ 94 Ecu	100	96⅞	97⅜	0	+0¼	8.37
Fed.Bus.Dv.Bk.9¾ 92 CS	75	†96½	97	-0¼	-0¼	11.02
Fed.Bus.Dv.Bk.10½ 93CS	50	98	98⅞	+0⅛	0	11.06
Ferrv. Stato 7¾ 93 Ecu	100	96	96½	+0⅛	-0⅛	8.87
Ford Cr.Can.10¾ 93 CS	100	†98⅜	98⅞	-0⅛	-0⅛	11.18
Ford Cred.Can.10⅞ 96CS	125	98⅞	99⅜	+0⅛	+0¼	11.05
Ford Mtr.Cred.7⅞ 93Ecu	100	97	97½	+0⅛	0	8.74
G.M.A.C. 9¾ 93 CS	150	†95¼	95¾	-0¼	-0⅛	11.19
Hydro-Quebec 11 99 CS	400	100⅛	100¾	+0⅞	+0⅞	10.94
Lloyds Bank 10¼ 98 £	150	92⅞	93¼	0	+1	11.54
Lloyds Bank 11¾ 98 £	100	96⅝	97⅛	0	+0⅞	11.91
Montreal Tst.10¾ 93 CS	100	†97⅜	98⅛	-0¼	-0⅛	11.39
Morgan Guar.Tst. 11 91 CS	150	99⅜	99⅞	-0⅛	0	11.17
Nat. Aus. Bk. 14¾ 94AS	100	†98¾	99¼	-0¼	+0¼	15.01
Ned.Midd.Bank 6 92 FL	150	97	97½	0	-0⅛	7.07
New Zealand 9½ 93 £	100	92⅞	93¼	0	+0½	11.79
Philips Gloeil. 6 93 FL	300	96⅞	97⅜	0	-0½	6.79
Privatbanken 7½ 94 LFr	500	†98¼	99¼	0	0	7.81
Royal Bk.Scot.10⅝ 98 £	125	94¼	95⅛	+0⅛	+0⅞	11.60
Saskatchewan 9⅞ 91 CS	150	†97⅜	97⅞	-0⅛	-0⅜	11.08
Saskatchewan 10¼ 93 CS	200	97⅜	97⅞	-0¼	+0¼	10.90
State Bk.NSW: 13⅞ 93AS	100	†96	96½	+0¼	+1¼	14.99
Sweden 15 94 AS	100	†102¼	102¾	+0⅛	+0½	14.23
Union Bk. Switz. 7½ 93	150	†96	96½	0	-0⅛	8.50
World Bank 5¾ 92 FL	100	97⅞	98⅜	0	+0¼	6.47
World Bank 13⅜ 92 AS	100	†100¼	100¾	-0¼	+0⅜	13.11
Zentrspk. 13¼ 93 AS	75	†97⅛	98	-0⅜	+0⅝	13.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bid 94 £	.08	99.86	99.91	18/07	13.21
Belgium 91 US	0	100.14	100.24	19/08	10
Chase Manhattan Crp.91 US	0⅛	99.37	99.62	20/08	9.94
Chelt.& Gloucester 94 £	.063	99.81	99.86	30/05	13.47
Citicorp 98 US	0¼	98.45	98.70	29/05	10.33
Credit Foncier 98 US	.063	100.09	100.19	20/10	10.16
EEC 3 92 DM	0	100.72	100.81	20/08	6.72
Halifax BS 94 £	-1	99.97	100.02	6/05	13.07
Invt. in Industry 94 £	0⅛	99.99	100.09	24/05	13¼
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	13/07	9.19
Midland Bank 01 £	.1	97.92	98.33	7/05	13.1
Milk Mkt.Brd. 5 93 £	0⅛	99.90	99.95	30/12	12.06
New Zealand 5 97 £	.07	100.07	100.17	14/11	12.19
State Bk. Nsw. 98 US	.188	100.30	100.40	11/08	9.94
Woolwich Equit.BS. 93 £	0⅛	100.03	100.09	13/07	13.37
Woolwich 5 95 £	0⅛	100.01	100.06	19/05	13.12

Average price change... On day 0.00 on week -0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	113¼	114¼	-0⅞	11.71
Amer. Brands 7¼ 02 US	†9/87	56.7	120	121	-1⅛	1.98
Ashikaga Bank 2⅛ 02 US	4/87	967.	139¼	140¼	-0½	4.53
Asics 5 92 DM	12/83	472.7	252½	253⅞	+2⅞	5.05
CBS. Inc. 5 02 US	†4/87	200.	100½	101½	+1⅛	4.39
Primerica 5½ 02 US	4/87	66.75	65⅛	66⅛	+0⅛	118.59
Eng.China Clay 6½ 03 £	9/88	4.8	109⅝	110⅞	+0⅞	1.03
Fujitsu 3 99 US	5/84	1106.	217⅛	218⅛	-0⅛	-0.74
Land Secs. 6¼ 02 £	6/87	6.72	95⅛	96⅛	+1½	14.75
MCA INC 5½ 02 US	9/87	69.62	93⅞	94⅞	0	16.40
Minolta Camera 2¼ 94 DM	2/86	1004.	117½	118⅞	+2⅞	8.55
Mitsubishi Bk.1¾ 02 US	9/87	3157.	120	122	-1½	7.50
Mitsui trust 2⅜ 01 US	10/86	1903.	126¼	127¼	-1⅛	3.27
Next Plc 5¾ 03 £	11/87	4.3	98⅛	99⅛	+0⅛	198.66
Nishi Nipn.Bk.2⅞ 03 US	4/88	804.	119	120	-1⅛	4.43
Onoda Tateisi 2⅝ 02 US	4/87	1310.	233⅛	234⅛	-4⅛	-0.45
Ranks Hovis 4¼ 03 £	†1/88	3.5	110½	111½	-1	4.44
Redland 7¼ 02 £	1/87	5.4	101½	102½	0	3.15
Saatchi&Saatchi 6¼ 03 £	†10/89	4.41	92⅛	92⅞	+0⅛	52.21
Sumitomo Bank 3⅛ 04 US	2/89	4296.	91⅛	92⅝	-0⅛	18.02
Texas Inst. 2¼ 02 US	9/87	82.87	73⅛	74	-0⅛	53.00
W R. Grace 6¼ 02 US	9/87	42.12	92⅛	93⅛	+0⅛	22.43

END OF TRANSMISSION FILE —TEAR-OFF HERE

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Foreigners invest less in Canada

FOREIGN INVESTORS bought a net C$554m (US$466m) of outstanding Canadian securities in February after buying a net C$1.28bn in January according to Statistics Canada, AP reports.

Non-residents bought C$5.75bn of Canadian bonds and sold C$5.32bn for a net investment of C$435m in February. This was less than half of the amounts recorded in each of the two previous months.

Statistics Canada said the decline largely reflected sales by US residents. Overseas investors continued to increase their holdings of Canadian bonds.

Non-residents bought C$1.65bn of Canadian common and preferred shares and sold C$1.53bn for a net investment of C$119m in February. This contrasted with large net sales recorded throughout 1988.

US investors were net buyers of Canadian stocks in January and February while overseas investors continued to reduce their holdings of Canadian equities.

In February, Canadians were net sellers of C$31m of outstanding foreign securities. In January, Canadians bought a net C$412m of foreign securities.

Canadians were net buyers of C$348m of foreign bonds in February. These funds were mainly invested in US government securities. Canadians were net sellers of C$380m of foreign common and preferred stocks in February.

German bourse chief to resign

MR MICHAEL Hauck, president of the Frankfurt bourse, will resign in July, Reuter reports.

Mr Hauck has held the post since 1986 and would have been eligible to keep it until 1990. The bourse said his decision to step down was a personal one. No successor has yet been named.

Mr Hauck, who is also managing partner of Georg Hauck und Sohn Bankiers KGaA, said his departure would allow him to devote his full energy to the bank.

INTERNATIONAL CAPITAL MARKETS

Treasuries rally as Fed intervention tails off

By Janet Bush in New York and Katharine Campbell and Norma Cohen in London

US TREASURY bonds rallied yesterday as several leading officials of the US Federal Reserve made it clear that the central bank had decided to stop tightening monetary policy for the time being.

GOVERNMENT BONDS

At midsession, bond prices were quoted as much as ⅝ point higher at the long-dated end of the market. The yield on the Treasury's benchmark long bond fell to 8.9 per cent.

The rally in bonds was somewhat surprising given that the market's recent strength had been based on a more radical hope than simply that the Fed would not tighten any further. Buying had been prompted after the weak housing figures released for March by hopes that the Fed would actually ease policy.

It has been fairly obvious for some time that the Fed has not been tightening, with the Fed Funds rate sticking at 9⅞ per cent to 9¾ per cent for weeks.

Financial markets in recent weeks have shown a propensity to react to news developments with a positive bias and yesterday's rally was no exception.

However, there was some genuine encouragement yesterday from the fact that the dollar held steady despite the remarks on interest rates.

The market also reacted positively to news of a smaller-than-expected rise in personal expenditure in March of only 0.2 per cent.

● UK GOVERNMENT gilts prices closed with gains of up to ⅜ for medium-dated stocks although the longest issues lost some ground as professional investors shortened maturities. Retail activity was very light, with most trading early in the day linked to speculation in the US press that the economy there is slowing and that no further rate rises are necessary.

● THE POSSIBLE political fall-out from the extraordinary manner of delivery of the Canadian budget made for a highly nervous bond market before finance minister Mr Michael Wilson faced the House of Commons yesterday morning.

Bonds were between ¼ and ⅜ of a point weaker in thin trading.

● LAST WEEK'S rally in the Australian market was soundly dented by reserve governor Mr Robert Johnston's lunchtime remarks that the economy was still growing too strongly, appearing to contradict the most recent reserve bank bulletin, which had suggested that demand had peaked. Yields on the 10 year benchmark bond were 13.35 per cent at the close compared with 13.29 per cent on Wednesday, and continued rising during the London day.

● WEST GERMAN Chancellor Mr Helmut Kohl's announcement that the infamous withholding tax would indeed be abolished, setting a July 1 date, failed to interest the bond market, which is now preoccupied with currency weakness and inflationary pressures. Active selling by investors as well as dealers was reported in both Frankfurt and London. The 7 per cent federal bond due 1999 was fixed 15 pfennigs lower at 101.05, to yield 6.85 per cent.

● THE SWEDISH bond market advanced firmly yesterday, after initial nervousness when the central bank raised the official discount rate one percentage point to 9.5 per cent. While yields on 10-year government bonds had fallen as low as 11.25 per cent, they closed the day at 11.11 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	8/92	106-30	-1/32	10.99	11.28	10.78
		9.750	1/98	97-08	+6/32	10.23	10.48	10.10
		9.000	10/08	97-20	+10/32	9.26	9.45	9.14
US TREASURY *		8.875	2/99	98-30	+14/32	9.04	9.17	9.42
		8.875	2/19	99-18	+16/32	8.92	9.01	9.22
JAPAN	No 111	4.600	6/98	95.5881	+0.030	5.32	5.30	5.14
	No 2	5.700	3/07	106.1117	-0.100	5.05	5.10	5.06
GERMANY		6.375	11/98	96.4500	-0.100	6.88	6.86	6.96
FRANCE	BTAN	8.000	1/94	96.4003	+0.092	8.94	8.95	9.16
	OAT	8.125	5/99	95.2100	-0.300	8.86	8.81	9.03
CANADA *		10.250	12/98	100.5000	+0.125	10.16	10.29	10.69
NETHERLANDS		6.7500	10/98	97.3750	-0.100	7.13	7.00	7.13
AUSTRALIA		12.000	7/99	92.2157	-0.754	13.40	13.45	13.58

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Sydney suspends trading in Liffe-linked contracts

By Chris Sherwell in Sydney

THE SYDNEY Futures Exchange yesterday suspended trading in its two futures contracts that are linked to Liffe in London, effective from Monday.

The sudden decision, made in agreement with Liffe, is the result of low trading volumes since the contracts, for US Treasury bonds and Eurodollar interest rates, were first introduced in October 1986.

Both sides insisted that the suspension did not terminate their formal linkage arrangements. These or other contracts, they said, would be considered for linked trading if the circumstances or opportunity arose in the future.

Under the arrangements, a position opened on the Sydney exchange can be closed on Liffe, and vice versa, because the contracts would be cleared through Liffe clearing members and the International Commodities Clearing House in London.

A similar arrangement is in place between Singapore's Simex futures exchange and the Chicago Mercantile Exchange and one problem for Sydney and Liffe may have been that its Eurodollar contract is relatively indistinguishable from that traded in Singapore and Chicago.

In calendar 1988, only 215 Eurodollar contracts were traded, with 205 of those in the first three months. In the first three months of this year, only 90 contracts were traded. For the Treasury bond contract the picture is even gloomier. Volume in 1988 was 20, and so far this year, nil.

Commenting on the suspension, Mr Desmond Brook, general manager for business development on the Sydney exchange, said the lack of interest made it "sensible to take these products off the shelf."

He added that the agreement with Liffe was entirely amicable. "It is a delisting of the products, not a breaking of the link." There were no regrets about starting the contracts, but there was no new product to replace them.

The decision inevitably raises questions about the future of other contracts trading in low volumes on the Sydney exchange. They include the gold futures contract, which is fungible with Comex in New York, the Australian dollar futures contract, which commenced trading in its current form last year, and the live cattle and wool contracts.

Syndicate managers jolted into action by late issues

By Andrew Freeman

A LATE FLURRY of new-issue activity dragged Eurobond syndicate managers out of their somnolence yesterday. However, opportunities to launch deals were restricted to a small number of sectors. Secondary market trading remained depressed.

Dealers in the Canadian dollar sector were kept busy following the leaking of the Canadian Budget which included news that the budget deficit is unexpectedly set to rise.

There were complaints when the prices of Canadian government bonds in London were marked down by about half a point and the bid-offer spreads widened sharply in response to the news.

One trader said it had been difficult to make prices of Eurobonds when no one knew the equivalent government bond price.

The fall in prices had a sharp effect on Wednesday's C$200m World Bank issue. The seven-year bonds were marked down by ¼ point to less 1½ bid by Banque Paribas Capital Markets, lead manager of the deal.

This took the issue outside underwriting fees, but appeared to have the desired effect of discouraging wholesale dumping of the paper. As the government bond market rallied, the bonds improved to close at less 1.30 bid, still outside fees of 1¼ per cent.

Among new issues, a Fl 300m 10-year deal for the World Bank was brought by Amro Bank. The bonds came with a coupon of 7⅛ per cent and were priced at 100.80 per cent. The lead manager said it was too early to make a grey market price.

Crédit Lyonnais was the lead manager of an Ecu100m issue for Société Nationale des Chemins de Fer (SNCF), the state-owned railway company. The 10-year bonds came with a 9 per cent coupon and were priced at 102 per cent.

The deal was launched too late for there to be significant grey market trading, but initial indications were that the bonds would open at around less 2 bid, a discount equivalent to underwriting commissions of 2 per cent. Traders commented that the coupon should eventually attract retail investors, but said the reception had been muted.

The guilder sector was also tapped by Rank Xerox Finance. Algemene Bank was the lead manager of a Fl 100m five-year deal which came with a 7¼ per cent coupon and was quoted at less 1⅞ bid, on fees.

In Switzerland yesterday, traders reported quiet market conditions. A SFr200m five-year convertible notes issue for Towa Real Estate Development was brought by Crédit Suisse, despite the recent poor performance of similar paper for other Japanese borrowers. The paper was quoted by the lead manager at less 1¾ bid.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Issue update:						
Daiken Trade&Ind.Φ♦(d)	100	4¼	100	1993	1½/¾	Daiwa (Europe)
Tokyo TatemonoΦ♦(d)	200	4¼	100	1993	1½/¾	Daiwa (Europe)
Mitsubishi Corp.Φ♦(d)	1.5bn	4⅜	100	1994	1½/¾	Nikko Secs.(Europe)
Nippon PaintΦ♦(d)	150	4¼	100	1993	1½/¾	Nikko Secs.
GUILDERS						
Rank Xerox Fin.♦	100	7¼	101¼	1994	1¼/⅝	Algemene Bank
World Bank♦	300	7⅛	100.80	1999	1¾/⅝	AMRO Bank
SWISS FRANCS						
Dai-Ichi Hotel§(g)	60	(½)	100	1994	n/a	Swiss Volksbank
Towa Real Estate Dev.§♦(a)	200	½	100	1994	n/a	Credit Suisse
Issue updates:						
Kawasaki Kasei Chem.§♦(b)	50	½	100	1991	1¾/1⅝	SBC
Fuji Bank§♦(c)	300	½	100	1993	1⅞	SBC
Tokyo Tatemono§★★♦(e)	130	0	100	1994	n/a	UBS
ECUs						
SNCF♦	100	9	102	1999	1⅞/¾	Credit Lyonnais
YEN						
Fujikura Int. Man.♦	5bn	7.325	102	1999	1¼/¾	Nomura Int.
Montreal Trust♦	6bn	5¼	101⅝	1993	1⅛/½	Sumitomo Fin.Int.
Christiania Bank♦(f)	9bn	9¼	101⅞	1994	1¼/⅝	IBJ Int.

♦Final terms. §Convertible. ΦEquity warrants. ★★Private placement. a)Put option 31/3/92 at 105 to yield 2.205. b)Put option 30/9/91 at 103⅞ to yield 2.087. c)Part of a two tranche issue.Put option 31/3/91 at 102⅝ to yield 1.872. d)Coupon cut by ⅜. e)Put option 30/6/92 at 108¾ to yield 2.693. f)Coupon Payable in A$ at rate of Yen 104.99 to A$. g)Indicated put option 31/3/92 at 105¾ to yield 2.448.

Security Pacific in ADR issue

By Norma Cohen

SECURITY Pacific Bank has filed with the Securities and Exchange Commission to offer American depository receipts backed by Canadian government bonds which will trade in the US.

But, unlike an earlier issue of similar securities backed by French government bonds, the ADRs are not sponsored by the Canadian authorities.

Last September, France sponsored a similar programme of ADRs, backed by government debt, whose securities are traded on the New York Stock Exchange. Managers for the issue – Burns, Fry and Bear Stearns – are holding informal discussions with US exchanges about the possibility of a listing.

Currently, SEC rules do not allow unsponsored foreign securities to be traded on US exchanges without specific permission, but officials at Burns, Fry said that such permission may not be needed for ADRs backed by seasoned government bonds.

However, Mr Carl Wostenholme, manager of government services at Burns, Fry, said that if no listing is possible, the ADRs will trade over-the-counter.

The proposed ADRs, for which the prospectus has yet to be approved by the SEC, will be backed by C$100m of 10 per cent Canadian government bonds due June 2008.

Mr Wostenholme said the Canadian Government had declined to sponsor the issue, as it saw no particular benefit in an ADR programme at this time.

The French Government's ADRs have met very sluggish demand since their launch last autumn. CL-Global Partners, architects of the French securities, and Bank of New York, the depository agent, agree that the main difficulty in selling the ADRs is that yields on French government bonds are below those available on US Treasuries.

Also, the strength of the dollar has discouraged US investors from diversifying out of dollars.

However, Mr Wostenholme said he believes that the Canadian government bond-backed ADRs will have a wider appeal, benefiting mainly from the proximity of Canada to the US and from American familiarity with its economy and currency.

Also, Canadian dollar bonds offer a yield pick-up over US Treasuries.

This should be sufficient to offset American investors' fears about foreign exchange losses.

The securities are aimed at smaller retail investors who typically do not buy securities directly in the Canadian government bond markets. The ADRs offer the advantage of incorporating all the custodial functions required by those accounts needing physical delivery, and they allow for foreign exchange translation at wholesale rates.

Managers for the issue do not view the Canadian Government's refusal to sponsor the ADRs as significant.

However, it remains to be seen whether such sponsorship – and the ability to trade the securities on a major US stock exchange – provide investors with the assurance of liquidity and safety that they need.

Bank of New York, for instance, said it is talking to several foreign governments about sponsored ADR programs backed by their domestic debt, and that it expects two or three of these issues to materialise before the end of the year.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thu Apr 27 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Wed Apr 26 Index No.	Tue Apr 25 Index No.	Mon Apr 24 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	951.98	+1.0	10.57	4.06	11.62	9.80	943.80	930.86	923.16	765.56
2 Building Materials (29)	1198.23	+0.8	11.89	4.27	10.28	9.68	1188.95	1168.33	1153.78	1010.61
3 Contracting, Construction (38)	1719.86	+0.9	12.72	4.08	10.27	25.93	1705.26	1678.23	1668.18	1585.95
4 Electricals (10)	2788.57	+1.1	8.50	4.35	14.35	25.01	2757.91	2738.47	2725.50	2023.41
5 Electronics (30)	2166.38	+1.1	8.77	3.09	14.78	12.86	2143.00	2119.82	2091.51	1621.43
6 Mechanical Engineering (54)	511.26	+1.1	10.21	3.99	12.02	6.73	505.52	498.59	494.02	390.67
8 Metals and Metal Forming (7)	541.34	+1.0	14.18	5.53	7.97	0.00	536.00	534.87	533.41	446.60
9 Motors (17)	314.56	+0.8	11.72	4.82	9.97	5.78	312.05	306.75	305.44	272.92
10 Other Industrial Materials (22)	1582.95	+0.8	9.22	4.27	12.93	21.63	1569.96	1551.96	1550.01	1258.92
21 CONSUMER GROUP (185)	1203.91	+0.8	8.92	3.63	14.07	8.00	1194.41	1182.08	1179.11	1068.35
22 Brewers and Distillers (22)	1328.18	+1.9	9.73	3.45	13.01	9.88	1303.91	1285.18	1286.41	1102.64
25 Food Manufacturing (20)	1034.69	+0.8	9.48	3.99	13.01	11.32	1026.84	1018.70	1016.64	912.53
26 Food Retailing (15)	2179.28	-0.3	8.58	3.30	15.34	14.57	2186.14	2138.89	2131.35	2064.68
27 Health and Household (14)	2290.96	+0.5	6.23	2.55	18.34	9.00	2278.44	2270.91	2272.83	1772.85
29 Leisure (33)	1600.81	+0.9	7.67	3.39	16.41	14.64	1586.96	1576.18	1573.96	1279.56
31 Packaging & Paper (15)	571.70	+0.3	10.24	4.25	12.03	6.99	570.25	565.16	563.48	484.51
32 Publishing & Printing (18)	3534.07	+0.7	9.23	4.57	13.57	32.54	3509.52	3477.86	3466.81	3298.60
34 Stores (33)	785.62	+0.6	11.12	4.51	11.79	1.83	780.77	770.72	762.68	834.60
35 Textiles (15)	539.69	+2.2	11.54	5.25	10.52	0.60	528.28	524.03	521.85	606.63
40 OTHER GROUPS (95)	1077.54	+1.0	9.99	4.13	12.22	8.71	1067.03	1054.26	1050.41	869.14
41 Agencies (18)	1282.87	+0.4	7.27	2.54	17.60	13.24	1277.24	1263.05	1254.27	1126.97
42 Chemicals (22)	1240.72	+2.0	10.90	4.75	10.99	21.34	1216.00	1202.73	1195.81	989.55
43 Conglomerates (12)	1575.01	+1.6	9.84	4.44	11.85	5.17	1550.92	1522.41	1515.03	1160.67
45 Transport (13)	2403.07	+0.7	8.23	3.59	15.76	20.16	2387.49	2368.12	2368.26	1882.99
47 Telephone Networks (2)	1104.29	......	10.63	4.25	12.29	0.00	1103.73	1086.86	1085.33	967.10
48 Miscellaneous (28)	1463.33	+1.2	10.66	4.04	10.67	21.21	1446.17	1439.82	1435.93	1124.43
49 INDUSTRIAL GROUP (487)	1123.93	+0.9	9.68	3.89	12.77	9.08	1113.98	1101.17	1096.27	945.90
51 Oil & Gas (13)	2037.55	+1.4	9.77	5.45	13.14	41.32	2009.26	2008.48	2005.01	1853.54
59 500 SHARE INDEX (500)	1201.33	+1.0	9.69	4.10	12.82	11.69	1189.92	1177.95	1173.13	1022.47
61 FINANCIAL GROUP (123)	737.01	+0.5	–	5.23	–	13.90	733.15	729.70	724.06	667.52
62 Banks (8)	729.96	+0.6	24.39	6.54	5.38	20.35	725.95	719.69	708.15	617.46
65 Insurance (Life) (8)	1043.05	+0.3	–	5.72	–	29.35	1039.65	1039.53	1038.07	975.07
66 Insurance (Composite) (7)	584.21	+0.4	–	5.90	–	13.65	581.78	583.57	578.32	541.19
67 Insurance (Brokers) (7)	952.47	+0.3	8.83	6.62	15.10	26.01	949.74	950.39	932.45	902.26
68 Merchant Banks (11)	331.00	-0.2	–	4.53	–	3.63	331.52	331.66	332.14	345.31
69 Property (52)	1314.84	+0.9	5.09	2.75	21.57	4.54	1303.41	1292.11	1291.42	1157.52
70 Other Financial (30)	371.05	+0.3	10.00	5.66	12.58	4.03	370.06	368.97	367.43	389.27
71 Investment Trusts (72)	1114.08	+0.6	–	2.83	–	7.08	1107.87	1100.93	1096.60	871.41
81 Mining Finance (2)	656.83	+2.0	8.82	3.88	12.52	10.45	644.24	628.50	637.59	462.85
91 Overseas Traders (8)	1484.20	+1.0	9.47	4.95	12.23	15.93	1469.97	1383.64	1372.82	1041.49
99 ALL-SHARE INDEX (705)	1088.10	+0.9	–	4.69	–	12.85	1078.39	1068.33	1063.66	928.28

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 26	Apr 25	Apr 24	Apr 21	Apr 20	Year ago
FT-SE 100 SHARE INDEX♦	2115.7	+22.3	2119.8	2094.0	2093.4	2071.2	2062.8	2061.0	2044.4	1884.4

FIXED INTEREST

PRICE INDICES	Thu Apr 27	Day's change %	Wed Apr 26	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.97	+0.06	117.90	–	3.93
2 5-15 years	133.24	+0.13	133.06	–	4.48
3 Over 15 years	145.17	+0.19	144.91	–	5.33
4 Irredeemables	167.24	+0.19	166.93	–	6.10
5 All stocks	131.08	+0.12	130.93	–	4.47
Index-Linked					
6 5 years	133.16	+0.36	132.69	–	1.36
7 Over 5 years	132.13	-0.06	132.21	–	1.28
8 All stocks	132.07	-0.04	132.12	–	1.27
9 Debentures & Loans	115.02	+0.44	114.52	–	3.29
10 Preference	88.64	-0.01	88.65	–	2.01

AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 27	Wed Apr 26	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.78	9.77	8.85
2	15 years	9.22	9.21	9.22
3	25 years	9.05	9.05	9.08
4 Medium Coupons	5 years	10.66	10.69	9.33
5	15 years	9.65	9.66	9.44
6	25 years	9.21	9.23	9.25
7 High Coupons	5 years	10.79	10.81	9.41
8	15 years	9.88	9.90	9.59
9	25 years	9.41	9.43	9.31
10 Irredeemables	†	9.05	9.07	9.08
Index-Linked				
11 Inflation rate 5%	5yrs.	3.65	3.77	2.36
12 Inflation rate 5%	Over 5 yrs.	3.63	3.63	3.75
13 Inflation rate 10%	5 yrs.	2.70	2.82	1.41
14 Inflation rate 10%	Over 5 yrs.	3.46	3.45	3.58
15 Debs & Loans	5 years	11.88	11.88	10.67
16	15 years	11.27	11.33	10.52
17	25 years	11.26	11.33	10.52
18 Preference	†	10.22	10.22	9.85

♦Opening index 2094.0; 10 am 2098.3; 11 am 2105.9; Noon 2113.2; 1 pm 2118.2; 2 pm 2117.5; 3 pm 2109.8; 4 pm 2117.1; 4.05 pm 2117.1
(a) 1.34pm (b) 9.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.
CONSTITUENT CHANGE: Hambros Investment Trust (71) has been deleted.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	17	15
Corporations, Dominion and Foreign Bonds	22	3	19
Industrials	506	290	778
Financial and Properties	255	90	313
Oils	32	20	45
Plantations	2	0	10
Mines	53	26	102
Others	78	56	126
Totals	1,024	502	1,408

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
57	F.P.	-	71	60	♦Amberley Group 2½p	63		b1.5	3.4	3.2	11.6
♦	F.P.	-	6250	6100	CMB Packaging SA FFr15	6200	+50	W-	-	-	14.7
♦	F.P.	-	5950	5700	Do 1¾ '89 Div Reg) FFr15	5850	+50				
†	F.P.	-	35	29	♦CCS Group 20p	30		L0.45	1.6	2.0	42.5
50	F.P.	-	49	47	EST Emerging Asia Tst. 10p	48					
-	F.P.	-	19	8	Do. Warrants	18					
100	F.P.	-	125	113	♦Capita Group	123	-	a2.5	2.2	2.7	18.5
135	F.P.	28/4	143	138	Davenport Vernon 10p	138	-2	a5.25	2.4	5.1	8.3
□100	F.P.	19/5	108½	100	Fleming High Inc. Inv	108½	+½	b5.25	-	6.5	-
100	F.P.	-	123	115	♦Green (J.)	120	-3	L2.9	2.9	3.2	14.4
-	F.P.	-	71	33	Greenfriar Invs Wrrts	71					
†	F.P.	-	£33½	£32⅞	Hewlett-Packard	£33		Q34c	-	0.6	-
175	F.P.	-	178	173	♦Ibex Hldgs. 10p	178	+1	L3.6	2.7	2.7	16.3
♦	F.P.	-	211	198	MB Group	208	+1	W-	-	-	10.5
47	F.P.	-	49	40	♦Malaya Group 10p	46		b2.0	3.7	5.8	6.3
†	F.P.	-	600	559	Nova Corp of Alberta NPV	559	-19	Q42	-	3.6	-
††	F.P.	-	108	95	♦OIS Group	108	+7				
100	F.P.	-	108	100½	♦Porth Group 5p	103		R4.5	1.8	5.8	11.3
†	F.P.	-	300	200	♦Property Co of London 50p	250					
52	F.P.	19/4	78	52	♦Quilligotti 5p	67		R2.0	2.4	4.0	11.8
125	F.P.	-	138	136	♦Servomex 5p	138		L4.7	1.9	4.5	11.4
125	F.P.	12/5	136	125	Try Group	131		L5.0	2.1	5.1	12.5
38	F.P.	-	40	37	♦Vizcaya Hldgs 5p	39					
185	F.P.	-	215	195	Wood (Graham)	215		R7.7	2.6	4.8	8.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
106.46	F.P.	-	109	105¼	Brit. Assets Tst. Ind-Linked 2005	109	+2
110p	F.P.	-	112p	100p	Brown & Jackson 10¼pc Cv. Cm. Pf.	112p	+2
101½p	F.P.	-	101½p	99½p	C.H. Industrial 9¾pc Cm. Rd. Pf. £1	100p	
100	Nil	6/6	3pm	2pm	Dwyer 7.25pc Cnv. Cum. Red. Prf.	2pm	-1
101p	F.P.	-	103½p	101½p	Eng & Int'l Tst. 8½pc Cn. Pf	102p	+1½
♦	pt/pd	5/5	310p	267p	Enterprise Fin. '89 Units Var Call	299p	+7
100	F.P.	-	109½	104⅞	First Scott. American 11¼pc Db 2016	106	
100p	F.P.	-	99¾	95¼	Greenall Whitley 10pc Deb 2014	96¾	+¼
♦	Nil	9/5	7pm	1¼pm	Guidehouse B.Spinel) Cv Pf 2006	1¼pm	
100p	F.P.	4/5	101p	90p	Hambros 7½pc (Net) Cum Cnv Red Prf	100p	+1
103.57	F.P.	-	103½	99½	LETINVEST 10¼-11¼pc Stepd Db 2012	100¼	+¼
-	F.P.	-	100	99¼	N'wide Anglia 12¾pc 19.3.90	99¾	
-	F.P.	-	100	99⅞	Do. 13¾pc 23.4.90	99⅞	
99.1	£25	-	28¼	25	Do. 4.25pc Index-Linked 2024	28¼	
100p	F.P.	-	121p	105p	Sidlow Grp. 8.5p (Net) Cv Cm Rd Pf	121p	
92.52	£30	14/6	30¾	26¼	Taylor Woodrow 9½pc 1st Mtg Db 2014	27¼	+¼
97.10	£30	4/5	30¼	26¾	Tops Ests. 10¼pc 1st Mtg Db 2011/16	26⅝	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
k72	Nil	3/5	10pm	6½pm	Anglo Irish Bank	6½pm	+¼
30	Nil	2/6	2pm	1pm	Audio Fidelity 10p	2pm	
9	Nil	-	2¼pm	1¾pm	Bear Brand	2pm	+¼
10	Nil	-	8pm	6½pm	♦Clogau Gold Mines 10p	6½pm	-½
80	Nil	23/5	16½pm	4pm	♦Conroy Petroleum & Nat. Res. Ir5p	4pm	-2
270	Nil	15/6	38pm	21pm	Devenish (J.A.) 5p	23pm	+1
275	Nil	15/6	64pm	47pm	EIS Group	64pm	+7
265	Nil	10/5	44pm	38pm	McLaughlin & Harvey	41pm	-2
550	Nil	28/4	85pm	62pm	Western Motor	85pm	+7

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. §Placing price. †† Reintroduction. ‡ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♦ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

● First Dealings Apr 24
● Last Dealings May 12
● Last Declarations Jul 27
● For settlement Aug 7

Calls in Haemocel, Bula, Tusker, Frogmore, Control Secs, Vista, Sth West Res, Explaura, Asda, Lydenbury, Misys, Puts Turnstall, Bula, Spong. P/C Bula

For rate indications see end of London Share Service

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*455)	420	41	58	66	7	12	14
	460	13	33	45	26	29	33
	500	7	18	–	57	58	–
Brit. Airways (*195)	180	20	25	32	5	7	11
	200	7½	15	18	15	17	20
	220	2	7	–	33	35	–
Brit Com (*211)	200	17	26	28	7	9	11
	220	7	14	17	18	20	22
	240	3	7	–	36	36	–
Beecham (*630)	600	54	75	92	20	26	30
	650	28	48	63	42	50	58
Boots (*251)	280	21	30	37	10	13	15
	300	9	20	27	20	23	26
B.P. (*291)	280	22	29	36	7	11	16
	300	10½	17½	25	18	20	27
British Steel (*85)	70	16½	17½	21	1½	3	4½
	80	7½	10	14	4½	6½	8
	90	2	5½	8½	12	13	14½
Bass (*959)	900	90	120	130	15	22	30
	950	52	85	100	35	40	47
	1000	30	60	–	60	65	–
C & Wire (*504)	420	95	112	123	2	6	10
	460	60	78	93	7½	12	20
	500	32	54	64	22	28	35
Cons Gold (*1325)	1250	140	175	195	40	65	85
	1300	105	130	165	60	85	105
	1350	80	110	140	85	115	135
Courtaulds (*329)	300	34	42	45	8	11	13
	330	13	24	32	19	23	27
	360	4	13	–	47	49	–
Com. Union (*383)	360	38	47	60	6	11	13
	390	17	30	38	16	23	25
	420	7	15	–	38	44	–
G.K.N. (*384)	330	64	70	82	3	4½	7
	360	40	47	60	5	12	15
	390	19	28	40	17	22	24
Grand Met. (*572)	500	89	102	115	2	6	9
	550	46	63	79	10	17	20
	600	19	34	50	34	40	43
I.C.I (*1230)	1150	125	147	185	12	28	35
	1200	87	110	152	27	45	52
	1250	55	80	–	47	67	–
Jaguar (*301)	280	33	42	53	4	12	13
	300	19	30	41	12	22	25
	330	6	17	26	33	39	44
Kingfisher (*298)	260	40	45	53	3	4½	7
	280	24	31	39	7	10	11
	300	12	20	28	16	20	20
Ladbroke (*556)	500	65	81	90	7	10	15
	550	30	48	60	22	28	33
	600	11	25	–	57	60	–
Land Secur (*574)	550	38	60	73	13	16	19
	600	13	32	44	40	42	44
M & S (*171)	160	14	19	23	4	6	7
	180	3½	8	12	16	17	18
STC (*326)	280	55	63	74	3	5	8
	300	39	49	60	6	10	13
	330	18	30	40	17	21	23
Sainsbury (*242)	220	25	34	41	2½	4	6
	240	11	20	26	8	10	12
Shell Trans. (*411)	360	–	71	79	–	5	6
	390	32	42	54	6	10	13
	420	17	24	35	17	21	23

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Storehouse (*174)	160	20	26	29	6	9	12
	180	9½	14	19	18	20	22
	200	4	7½	–	34	35	–
Trafalgar (*391)	330	64	74	80	2½	4	6
	360	36	50	58	6	11	16
	390	18	28	36	20	22	28
Utd Biscuits (*325)	300	30	41	49	6	9	12
	330	12	23	31	21	23	26
	360	5	12	–	46	47	–
Unilever (*559)	550	34	53	70	16	18	23
	600	9	27	–	45	47	–
Ultramar (*309)	280	44	57	68	7	14	14
	300	30	42	52	12	20	24
	330	14	27	34	32	36	38
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*586)	500	88	106	118	½	5	10
	550	40	65	83	4	15	25
	600	7½	33	53	23	35	45
BAA (*378)	330	52	58	73	½	5	8
	360	24	34	50	2½	11	14
	390	5	17	33	16	25	28
BAT Inds (*548)	500	54	71	85	2	7	14
	550	15	37	55	14	24	32
	600	7	16	31	55	57	60
BTR (*368)	330	40	52	59	1	3	6
	360	13	29	38	4	10	15
	390	2½	14	22	24	26	28
Brit. Telecom (*267)	240	29	35	–	1	3	–
	260	11	19	27	2	9	10
	280	2½	8	15	15	19	21
Cadbury Sch (*346)	300	48	58	–	½	2½	–
	330	19	34	44	1½	8	10
	360	4	16	26	19	20	23
Guinness (*469)	420	52	70	82	1½	4	9
	460	18	42	54	7	16	21
	500	4	20	34	34	36	42
GEC (*240)	220	–	29	35	–	5	7
	240	–	16	23	–	12	15
	260	–	6½	11	–	25	27
Hanson (*192)	160	32½	35	–	½	1	–
	180	13	18	26	1	4	5½
	200	2¼	7	13½	9½	13	15
LASMO (*463)	441	30	52	67	9	18	25
	479	7	32	46	28	38	45
	527	1	–	–	72	–	–
P. & O. (*666)	600	70	95	–	2	6	–
	650	25	60	70	7	18	35
	700	5½	30	45	40	44	47
Pilkington (*254)	220	36	38	48	1½	4	7
	240	17	24	35	2	10	13
	260	5½	13	22	11	20	22
Plessey (*263)	240	26	33	37	1½	4½	6
	260	11	17	24	6	9½	10
	280	3	8½	12	19	21	22
Prudential (*176)	160	18	24	29	1	3	5
	180	3½	9	15	8	10	13
	200	1½	3½	6	26	26	28
Racal (*427)	360	69	74	94	1	4	7
	390	40	52	74	1½	8	12
	420	15	32	50	9	18	25
R.T.Z. (*531)	460	75	91	–	1	4	–
	500	37	60	75	4	12	16
	550	9	30	40	26	32	38

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Scot. & New (*301)	280	27	36	44	3	7	11
	300	12	24	32	9	18	22
Tesco (*174)	140	35	41	43	1	1	3
	160	15	22	27	1	3	5
	180	2	10	13	8	10	13
Option		**May**	**Sep**	**Dec**	**May**	**Sep**	**Dec**
Vaal Reefs (*582)	80	5	7½	11	2	4½	7
	90	1½	4	6	10	11	11
Option		**Jun**	**Sep**	**Dec**	**Jun**	**Sep**	**Dec**
Amstrad (*120)	120	9	15	19	7	9	12
	130	5½	10	15	13	15	17
	140	2½	7	10	22	23	24
Barclays (*447)	420	40	53	62	3	9	10
	460	13	26	37	18	25	27
	500	3	10	–	57	57	–
Blue Circle (*535)	460	84	98	–	2½	6	–
	500	48	68	78	6	14	17
	550	18	36	48	26	37	39
British Gas (*183)	160	25½	28½	30½	1	2½	3
	180	9	11½	16	4	8½	10½
	200	1½	3¼	7½	18½	22	23
Dixons (*148)	130	24	28	–	2½	5½	–
	140	16	21	27	5½	9	12
	160	7½	12	18	16	20	22
Glaxo (*1393)	1300	128	130	205	10	25	35
	1350	84	150	174	20	40	44
	1400	58	118	142	42	60	72
Hawker Sidd. (*695)	600	100	118	127	7	16	17
	650	59	84	90	17	27	33
	700	22	57	65	42	50	57
Hillsdown (*268)	240	30	39	–	2	3	–
	260	14	25	31	7	10	10
	280	5	14	20	19	21	22
Lonrho (*283)	257	33	42	55	4½	9	13
	283	15	27	37	13	19	24
	309	7	15	24	34	38	43
Midland Bk (*458)	420	50	62	75	2	9	10
	460	21	30	47	13	23	25
R. Royce (*193)	160	36	43	44	1	2	4
	180	18	28	30	3	6	8
	200	6	14	19	12	12½	18
Sears (*124)	110	15½	18	22	1½	3	3½
	120	7½	12	14	5	6½	8
	130	3	7	10½	11	12½	13½
THF (*293)	280	23	31	39	4½	8½	10½
	300	10½	19	28	13½	17	19
Thorn EMI (*682)	600	97	96	–	1½	5	–
	650	52	58	73	3	17	23
	700	18	28	43	30	43	47
TSB (*108)	100	12	14	17	2	3	4
	110	5	7	11	4½	6½	7½
Wellcome (*481)	420	70	88	100	2	6	10
	460	40	60	72	9	17	19
	500	17	34	47	30	36	38

FT-SE INDEX (*2117)	Calls Apr	Calls May	Calls Jun	Calls Jul	Puts Apr	Puts May	Puts Jun	Puts Jul
1850	269	285	305	–	½	2½	4	–
1900	219	237	255	270	½	4	7	8
1950	169	190	208	225	½	5½	10	14
2000	119	143	162	182	½	8	14	22
2050	69	98	120	142	½	16	25	35
2100	19	61	88	107	2	31	42	50
2150	1½	36	57	77	37	57	65	75
2200	½	17	38	53	87	90	97	103

April 27 Total Contracts 43,356
Calls 34,637 Puts 8,719
FT-SE Index Calls 2525 Puts 2986
*Underlying security price.

Wellcome advances 35% to £128m

By Vanessa Houlder

WELLCOME, the pharmaceutical company, announced a 35 per cent rise in pre-tax profits from £94.8m to £128.2m for the six months to February 25.

Although the results were broadly in line with expectations, the share price fell 17p to 478p. This followed some disappointment about the growth of Retrovir, the only licensed medication for treating Aids. Its sales reached £59m, compared with £40m in the first half of the last financial year and £50m in the second half.

The company said it was not concerned by the slowdown in the growth of Retrovir, which it said was still at an early stage in its development. Over the next two years, the company is engaged in clinical trials aimed at getting a licence for patients who have not yet developed full-blown AIDS.

Sales of Zovirax, for the treatment of herpes infections, moved ahead by 38 per cent to £130m (£94m). Its sales were helped by the introduction of an oral treatment in Japan.

Dr Trevor Jones, research director, said that Wellcome was extending its clinical trials on Zovirax to include diseases such as chickenpox. It had already received approvals for its use with shingles in several European and south east Asian countries.

The next products expected to come onto the market include Wellbutrin, a new anti-depressant which should be launched in the US later this year. Prolysis, a treatment for heart attacks is undergoing clinical trials and a regulatory application is expected to be submitted in the next few months.

In the US, which accounted for 51 per cent of trading profit, there was a fall of about 15 per cent in sales of products which were no longer protected by patents. Dr Howard Schaeffer, research director, said that Wellcome had reorganised its marketing effort in an attempt to ward off generic competition.

Sir Alfred Shepperd, chairman and chief executive, said that Wellcome had no acquisition plans at present. He did not accept the argument that companies had to be gigantic to be winners, he said.

Overall, turnover increased by 14 per cent to £672.7m (£588m). Currency fluctuations had no material effect on the figures, in marked contrast with recent results.

Research and development spending increased from £74.8m to £87.8m. In addition, the company said it was spending more on environmental concerns. Gearing stood at 9 per cent at the end of the period, compared with 13 per cent last August.

The contract for the sale of Coopers Animal Health Group to the International Mineral and Chemical Corporation of America is expected to be signed shortly.

Earnings per share increased from 6.6p to 8.8p. An interim dividend of 1.3p (1p) was declared.

See Lex

ICI beats City forecasts in first quarter

By Vanessa Houlder

IMPERIAL CHEMICAL Industries, the UK's biggest chemical company, yesterday surpassed analysts' expectations by announcing a 23 per cent rise in pre-tax profits for the first quarter of 1989.

Pre-tax profits reached £442m (£358m), which represents a 30 per cent rise from the £340m scored in the last quarter of 1988. The company said the results demonstrated its strength and momentum. The next quarter promised to be satisfactory, it added.

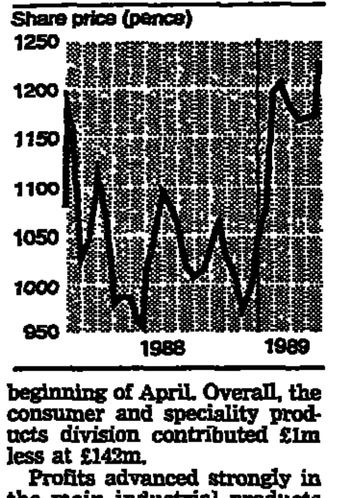
Analysts' forecasts had ranged between about £380m and £410m, so the figures resulted in a 34p rise in the share price to 1232p.

Turnover increased by 9 per cent to £3.21bn, 5 per cent of which was accounted for by price rises and 4 per cent was due to growth in sales volumes.

The improvement was due to a good performance from nearly all the group's main businesses, which reinforced the normal seasonal upswing in the agriculture division. The strength of the pound weakened profits by about £20m-£25m.

However a decline was registered by other effect products, which fell from £54m to £31m as a result of pressure on margins in films and higher development costs in its image data and advanced materials businesses.

The pharmaceutical division performed well with pre-tax profits rising from £73m to £93m. However, the underlying growth was accentuated by strong demand ahead of a price increase and the introduction of a sales tax in Japan at the beginning of April. Overall, the consumer and speciality products division contributed £1m less at £142m.



Profits advanced strongly in the main industrial products business to £225m (£173m) as demand remained strong. After last year's restructuring, fertilizers moved from a loss of £9m to a profit of £2m. This helped the agriculture division increase profits from £34m to £57m.

Earnings per share increased from 31.5p to 39.2p.

● ICI also announced yesterday the acquisition of Avalon Chemical Company, which formulates polyurethane chemicals for footwear applications, from C&J Clark.

The acquisition, which has a turnover of £25m is expected to provide increased geographic market coverage and broaden the product range of ICI Polyurethanes. Avalon's strength in the casual shoe and work boot market is expected to complement ICI's strength in the sport shoe sector.

Adviser takes option over 29.9% in Lodge Care

By Andrew Hill

GAMLESTADEN, which acts as adviser to Mr Shiraz Kassam, the majority shareholder in Lodge Care, yesterday sealed its relationship with the nursing and residential care homes operator by taking an option over a 29.9 per cent stake.

At the beginning of last month, Lodge Care announced it had received a bid approach and informal discussions took place with Pavilion Leisure, which owns theatres, golf courses and a hotel, and with Mr George Martin, the former LandLeisure chief executive who now heads Pavilion.

But Mr Stephen Alexander, Lodge Care's chairman and a director of Gamlestaden, said Lodge Care had eventually decided the bank should take a stake and a stronger management role, as it had done in the past with Bullough, the diversified engineering group.

Gamlestaden, the London arm of Nobel Industries' Swedish banking operation, advised Mr Kassam's family trust and Dr Richard Ng, when they took control of USM-quoted Lodge Care last July. They now hold about 70 per cent and Gamlestaden has an option to buy shares from Mr Kassam at 170p. The shares closed yesterday at 177p, up 3p.

Mr Allan Jonnes, Gamlestaden's managing director, is also joining Lodge Care's board.

BMP 'commended merger' in the past

By Nikki Tait

SNIPING BETWEEN Boulet Dru Dupuy Petit, the Paris-based advertising group, and its UK bid target, Boase Massimi Pollitt, stepped up yesterday as the bidder published extracts from a BMP memorandum commending a merger between the two groups. The memo was written in summer 1987.

In a new letter to shareholders, BDDP accuses its target of "abusive and inaccurate attacks" which it alleges will have unsettled clients and staff.

And in a pre-emptive attack on any profits figures which may be put forward by BMP for the year to end-March, it tells shareholders, "you should consider very carefully the real underlying performance and be wary of the impact of non-recurring items such as pension holidays and the impact of any provisions arising for the merger with Davidson Pearce".

The document brought a swift retort from BMP, which said that it added nothing to the bidder's arguments "nor reduces BMP's serious concerns about the precarious nature of BDDP's financing".

The various extracts from the memo describe the proposed merger as a "tremendously exciting prospect" which could "bring major benefits to both of us".

Yesterday, however, BMP pointed out that it was almost two years old, and said that it had never concealed the fact that the groups had talked in the past.

The new BDDP document also contains fuller details of the French company's financing arrangements. Yesterday, its advisers said that publication of these had been at request of the authorities, but that there had been no changes in the financing structure.

BMP said that its advisers had been contacted by Wertheim Schroder, which had built up a stake of almost 4 per cent, adding that it had been a typical "arbitrageur's call" suggesting that BMP should talk to BDDP.

Growth in all divisions helps Redland improve to £221.5m

By Clare Pearson

REDLAND, the building materials group, reported pre-tax profits of £221.5m, and earnings per share of 52.3p, for the year to end-December. The comparable figures for calendar 1987 were £185.1m and 43.2p.

This marked the first time Redland had reported on the period to end-December rather than that ending in March, and all other financial comparisons it supplied yesterday were with the year to March 31 1988. On this basis, the 1988 pre-tax profits were 20 per cent, and earnings per share 21 per cent, higher.

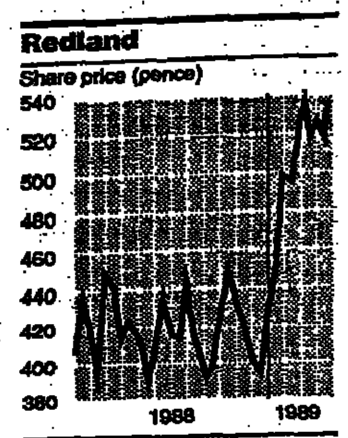
The strength of sterling took £3m from the pre-tax figure. There is a final dividend of 13.55p (10.85p), making 19.8p (15.85p) for the year.

Redland said it was confident of the outlook, pointing to its low exposure to housing in the UK – which accounts for under 10 per cent of group profits, its strengths in repair and maintenance markets, and its broad spread of businesses across the world. The company is planning capital expenditure of about £160m, up from £120m, in the current year.

The contributions of the various divisions to operating profits were as follows: roofing put in £96.3m (£75.5m), aggregates £85.2m (£66.1m) and bricks £28.5m (£25.4m), with the balance – chiefly the stake in British Fuels, disposed of last December for £70m cash – coming out at £21.1m (£29.2m).

The roofing companies in all areas of the world experienced good demand.

Redland Bricks in the UK operated to full capacity throughout the year, while brick profits in the Netherlands were hit by overcapacity. In December Redland formed a joint venture with CSR of Australia to acquire PGH, an Australian brick producer.



On its joint venture with CSR to supply plasterboard into the UK market, which is dominated by BPB Industries, Redland said performance was in "in line with plan". Price cuts by BPB early this year had triggered a similar move by Redland, but a 7 per cent market share had been won – using imported board ahead of a new plant coming on stream in Bristol in the autumn.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
AMEC ......fin	10.75†	July 3	8.25	17	13
Bertrams Inv Tr ......int	0.9	-	0.75	-	2.2
Clarkson (H) ......fin	4	-	3.25	8.25	5.25
Daks Simpson ......int	3	June 30	3	–	10.95
Executex Clothes ......fin	nil	-	1.5*	1.5	3*
Fenner (JH) ......int	3.2†	July 3	3	-	7.5
Five Oaks Invs. ......int	0.6	-	nil	-	1.25
Jermyn Invest ......fin	2.5†	-	2.5	2.5	2.5
Redland ......fin	13.55	July 24	10.85	19.8	15.85
Scott Met Prop ......int	2.25	-	2	-	5.1
Sherwood Comptr§ ..fin	nil	-	3	nil	4.5
Smallshaw (R.) ......fin	2.25	-	2.25	3	3
S&U Stores ......fin	3	-	2.75	4.25	4
TV-am ......fin	5	June 9	3.5	6.5	4.5
Wellcome ......int	1.3	June 15	1	-	3.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Clydesdale Inv Tst, Framlington O'seas, Gleeson (MJ), New Cavendish Estates, Talbex, Tunstall, Williamson Tea.

Finals- British Island Airways, Clayton Son & Co, Davies & Newman, Expedier Leisure, Feedex Agricultural, Hopkinsons, Kitty Little, Leisure Invest, Lendu, London American Ventures, Securities Tst of Scotland, Slingsby, Therels, WA Holdings, Walker (JO), Wankie Colliery.

FUTURE DATES

Interims-

M & G	Jun. 1
Speyhawk	May 4
Warner Estate	May 25

Finals-

Allied Lyons	May 18
Dawson International	Jun. 14
Marks & Spencer	May 9
New Ireland	May 9
OIS	May 2
TR Property	May 25
Westerly	May 4

SHARE STAKES

The following changes in company share stakes were announced recently:

Haynes Publishing Group – JH Haynes, a director, has disposed of 10,000 ordinary, reducing the holding to 3.06m (61.1 per cent).

Morgan Grenfell Group – Dewey Warren Holdings is interested in 9.23m (6 per cent).

Multitone Electronics – Mr Ian Karten, a director, has acquired 330,000 ordinary, increasing his holding to 7.38m (49.22 per cent).

Pentos – Prudential Portfolio Managers has acquired 450,000 ordinary through a change in funds under management and now holds 5.52m (5.63 per cent).

Plumb Holdings – Raine Industries has raised its holding to 2.01m ordinary (16.05 per cent) with the acquisition of 103,000 at 208p each.

Randsworth Trust – Priest Marians has bought 2.41m ordinary (4.2 per cent) for £6.3m cash.

Really Useful Group – Mr Andrew Lloyd Webber has disposed of 135,000 ordinary at 640p each, reducing his holding to 4.22m (38.1 per cent).

UK COMPANY NEWS

Enlarged AMEC surges to £61.6m

By Clare Pearson

AMEC, the engineering and construction company, which paid £130m to buy Matthew Hall last November, saw its pre-tax profits rise by nearly 80 per cent to £61.6m, on an increase in turnover from £793.6m to £1.31bn, in the year to end-December.

Mr Alan Cockshaw, chairman, said 1988 had seen AMEC take important strategic strides. These were its £83m rights issue, its May purchase of the remaining 50 per cent of Fairclough Homes, and the acquisition of Matthew Hall.

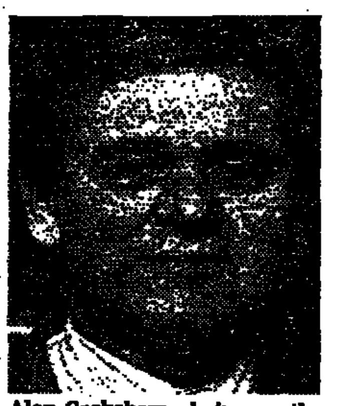
He said the company's order book for the current year stood at a record level, reflecting the wide range of engineering and construction skills it now had.

Although growth on the housebuilding side was not expected to be strong, the company's presence in the north of England, where the market was still buoyant, was a helpful factor.

Overseas, the Matthew Hall acquisition, which had now been brought into one with AMEC, had substantially enhanced the company's presence in the US and Australia. In Europe, Amec now had operations in Holland and France, and had recently established a joint venture company in Portugal, which Mr Cockshaw said might be the first of a number of other such moves.

Some delays on the civil engineering side meant building and civil engineering provided pre-tax profits of £17.8m (£18.2m) on turnover of £610m (£471.5m). Mechanical and electrical engineering put in £12.1m (£7.7m) on £437.8m (£347.4m), and property development and housing £28.8m (£8.6m) on sales of £249.7m (£54m).

A near two-month contribution from Matthew Hall gave £2.9m to the pre-tax line, and £95.4m to turnover. Elimination of internal trading and share of turnover of related companies produced the final figures.



Alan Cockshaw, chairman: the order book is at a record level

On a fully diluted basis, earnings per share moved ahead from 34p to 47.8p. The final dividend is set at 10.75p (8.25p) making 17p (13p) for the year.

● COMMENT

The wisdom of the Matthew Hall acquisition was never really in doubt, but if validation were needed yesterday's news that AMEC had already managed to take £5m worth of costs out of the group since it was bought certainly provided it. The company is widely admired, not least because its assertion that its extremely broad range of activities is without compare among UK quoted companies is actually true. Aside from the competitive edge with which this distinction provides it, its geographical configuration and prowess at systems and controls are also plus points. This year should see pre-tax profits rising healthily to about £105m: after a run-up recently, the shares, on a prospective p/e of just under 8 are still not expensive.

Plessey formulates alternatives against GEC/Siemens bid

By Hugo Dixon

PLESSEY, the embattled UK electronics company, yesterday said it was reviewing various alternatives to a bid by the General Electric Company of the UK and Siemens of West Germany in order to maintain its independence.

It also said it was considering publishing its preliminary profits earlier than the scheduled date of May 25.

Plessey's statements came in two separate communications, one sent to employees and the other sent to shareholders.

The letter to employees said: "Our determination to fight to maintain our independence is as strong as ever. You can be quite sure that the independence of Plessey is far from lost and a number of key factors should give you confidence."

It went on to say the company was considering "credible" alternatives to a renewed GEC/Siemens bid, but did not spell these out on commercial grounds. In the past, Plessey has considered demerging its telecommunications operations from the rest of its businesses as a means of escaping from the Anglo-German consortium.

The letter to shareholders said Plessey was takings steps so that it could make an early announcement of its results for the year to the end of March. It said they could be published in early May, but that no final decision had been made.

Fitzwilton makes further acquisitions

By Clare Pearson

FITZWILTON, the Irish investment company, yesterday said it planned to pay I£14.8m (£12.4m) for two freezer manufacturers, in a move that comes less than two weeks after it announced an agreed £53.8m bid for UK car dealer Keep Trust.

The consideration for P.J.D. Investment Company, holding company for freezer concerns Press-O-Matic and Novum (Overseas), will be satisfied as I£7.4m in cash and I£7.4m through the issue of 5.3m Fitwilton ordinary shares, to be retained by the vendors.

There is a deferred payment of IR£2m depending on the two companies' profitability up to December. They made I£1.9m after tax in the year to year to end-June 1988.

Fitzwilton also announced yesterday results for the 18 months to end-December, showing a rise in turnover to I£21.35m (I£847,000), and in pre-tax profits to I£5.26m (I£541,000), reflecting its vigorous expansion.

Fitzwilton plans to dispose of Keep Trust's non-motor interests.

BP to pay dividends every quarter

At British Petroleum's annual general meeting, Sir Peter Walters, the chairman, told shareholders that in future the company would pay quarterly dividends, in a move designed to encourage greater acceptance of the group's equity in the US.

Executex falls to £0.4m

PRE-TAX PROFITS at Executex Clothes, the manufacturer and retailer of tailored clothing, fell from £546,400 to £442,700 in 1988.

The decline follows last week's warning by directors about the group's performance in the current half-year, which sliced 20p off the share price.

The profits decline was due to a larger than expected loss of $453,000 (£266,000) by Donald Cohen & Co, a US subsidiary, directors said.

Turnover rose to £7.89m from £6.68m but earnings per share dropped to 7.6p from a restated 11.3p. The company is passing a final dividend, leaving the total for the year at 1.5p, half last year's total.

Japanese stockbroker to take stake in Oceana

By Andrew Hill

DAINANA SECURITIES Company, a Japanese stockbroker, is to take a stake in Oceana Consolidated Company, the financial services and investment group. The UK group is also holding a one-for-five rights issue to fund development of its stockbroking business.

The Japanese company is to use Charles Stanley, a private client stockbroking firm, which Oceana bought last September, for its London sharedealings.

Dainana will also act as preferred underwriter for the rights issue, leaving it with between 8.7 and 10.9 per cent of Oceana's enlarged equity.

The rights issue will be made at 65p, against yesterday's closing price of 68p, up 2p, and should raise £800,000.

Mr David Howard, Oceana's managing director, and his family, Mr Michael Clark, another director, and Queen Street Securities, which together hold 58.9 per cent will renounce 681,860 of the 769,000 shares to which they are entitled in the rights issue, in favour of Dainana.

James Dickie bid fails

By Clare Pearson

THE BID by a consortium of shareholders to seize boardroom control at James Dickie, Ayrshire-based drop forgings maker, failed yesterday when a majority of shareholders voted against the scheme at the annual meeting.

Mr Kenneth Dickie, chairman, said shareholders had convincingly rejected the attempt by the London-based consortium, called Specialist Holdings, to replace the four retiring directors.

The shares finished the day 7p lower at 143p.

Mr Dickie has said he expects a return to profits in the current year after last year's deepened deficit of £332,000 (£213,000).

Specialist Holdings, headed by Mr Keith Daley, a former merchant banker, holds about 7 per cent of the shares.

TV-am beats best hopes with 48% rise to £20.1m

By John Ridding

TV-am, the ITV franchise holder for breakfast television, yesterday announced taxable profits of £20.13m for the year to the end of January, an increase of 48 per cent over the previous year, and around £1m in excess of market expectations. Its shares climbed 5p to 208p.

The basis of the improvement lay in a combination of buoyant revenues and controlled costs and was achieved despite a sharp increase in the exchequer levy, from £8.5m to £12.9m.

TV-am is, however, expected to be the only ITV contractor to benefit from the new levy system, to be introduced in 1990, which will be based on revenue as well as profits.

On the basis of last year's figures, the company estimates it would have saved £2m.

Turnover grew by £10.6m to £65.3m last year on the back of a 19.2 per cent improvement in advertising revenues.

Costs grew by under 2 per cent, reflecting savings achieved by staff cuts which prompted a bitter labour dispute.

Earnings per share increased from 15.9p to 19.6p, despite a more than doubling in tax payments to £7.3m which resulted from the ending of a tax holiday. A final dividend of 5p is recommended, giving a total for the year of 6.5p (4.5p).

Ian Irvine: the increase in revenue shows we continue to deliver a young high-spending audience

Mr Ian Irvine, chairman, described the year as the most successful in the company's history. He said that "the increase in revenue shows we continue to deliver a young, high-spending audience".

With respect to the white paper, Mr Irvine said that even though the proposals contained no guarantee of a breakfast television franchise the company was confident of its continuation.

He added that there was also the possibility of bidding for the new Channel 5 franchise.

TV-am is responsible for selling advertising for the new breakfast programme launched by Channel Four at the beginning of this month.

However, the company does not expect the revenues from this source to outweigh the costs of its Channel Four subscription costs in the current year.

Mr Irvine said that it was too early to know the full advertising and viewing implications of the new service, but that figures for the first week of April showed audience levels of 7m, compared with 15m for TV-am.

● COMMENT

If financial 1989 was TV-am's most successful year it was also the company's most difficult. That it has come through its challenges is clear from the numbers, and in particular from the operating profit margin of 46 per cent. Moreover, the levy benefits provided by this profitability provides the prospect of a significant boost in 1990. In the current year, continued revenue growth and additional interest receipts of around £1m, should more than compensate the constraint provided by breakfast Channel Four and bring profits of around £23.5m. As with all ITV contractors, however, the longer term is more of a gamble. TV-am's very success means that it may face stiff competition for a new breakfast franchise and provides some justification for the opportunity cost suffered by its £34m cash holdings. Further justification is provided by the unsuitability of diversifying outside television although expansion within its current activities would be welcome. Despite these caveats, the next few years - and particularly financial 1991 - should be lucrative. As a result, the present rating of nine seems reasonable value.

Everest shares slip 37p as directors warn of profits fall

By Philip Coggan

SHARES IN Everest Foods, the food manufacturing group, plummeted 37p to 133p yesterday after the group warned that the salmonella in eggs scare would cause profits to be "considerably lower" than analysts' forecasts.

Everest warned at the time of its interim results in March that profits would be affected by the salmonella scare which was prompted by remarks made by Mrs Edwina Currie, the former junior health minister.

That warning caused analysts to revise full-year profit forecasts down from £3m to £2.4m, but the company says that now even those estimates are too high.

Everest says that the group made a loss in the three-month period to mid-February. Following a slump in egg prices, the company slaughtered almost 90,000 hens, a quarter of its flock.

In addition, the mild winter affected sales of chips, the group's other main business, and profits in that division in the three months to mid-February were slightly lower than the same period last year.

Egg prices are now starting to rise as retail demand is returning to normal levels. The board says it remains confident about the future of the group and expects its egg-producing subsidiary to return to profitability.

Another acquisition for Systems Reliability

By Philip Coggan

SYSTEMS RELIABILITY, the computer systems and telecommunications group now being revamped by former Hillsdown executive Mr Robert Evans, has made another acquisition.

Systems has agreed to buy Chase International Computer Services, which installs and reconfigures IBM mainframe computers, for a maximum of £7.85m. Chase, which is based in Feltham, Middlesex, made pre-tax profits of £536,000 on turnover of £2.2m in the year to March 31 1988.

Initial consideration will be £5m, in the form of 4m ordinary shares, of which 2.4m have been placed by Phillips & Drew on behalf of the vendors. Further consideration will be dependent on future profits.

Since Hillsdown Investment Trust, the investment subsidiary of foods group Hillsdown Holdings, moved into Systems last year, the company has been merged with Fletcher Dennys Systems, a microcomputer systems dealer, and has made several acquisitions. Systems now has three divisions – corporate computers, telecommunications, and mainframe reconfiguration.

Last week, Systems announced pre-tax profits of £1.4m for 1988; its brokers are forecasting pre-tax profits of around £7.5m this year. The shares closed unchanged at 130p.

Horace Clarkson

Horace Clarkson, the shipping and insurance broking group, announced a 47 per cent increase in pre-tax profits for the year to December 31. On turnover ahead from £28.11m to £31.18m the taxable result rose to £5.1m against £3.46m.

Earnings per share improved to 16p (10.1p) and the directors are recommending a final dividend of 4p (3.25p) for a 6.25p (5.25p) total. Tax was £1.81m (£1.45m).

Provident Financial pays £7.5m for UDS offshoots

By David Barchard

Provident Financial Group has purchased the whole of the issued share capital of John Blundell and Lawson Fisher from UDS Group for £7.5m in cash.

This is Provident's second acquisition since the New Year, following its purchase of Erringham Holdings in February for £13.5m.

Blundell and Lawson Fisher specialise in selling clothing and household goods on credit through 59 branches in England and Scotland. Both companies are based in Glasgow.

Their joint turnover in the year ended September 30 1988 was £43.9m, while their net assets are valued at £10m after taking into account bank overdrafts of £13.2m.

Mr Edward Davies, the managing director of Provident, said yesterday that the two companies would complement the range of credit services the group was able to provide.

More than 1.25m households now receive the group's home-based credit services.

UK COMPANY NEWS

Olim Convertible joins main market via placing

By Clare Pearson

OLIM CONVERTIBLE Trust, the first investment trust solely devoted to investment in UK convertible securities, has joined the main market via a placing which raises approximately £24.65m.

The trust has a split capital structure - a devise which enables investors to choose between capital growth and a high initial yield. It comprises 10m zero coupon preference shares and 15m ordinary shares, both of which have been placed at £1 each. In addition, a £5m debenture stock, carrying an 11.39 per cent coupon, has been issued.

The initial net asset value of the preference shares is equivalent to the placing price, while the ordinary shares are being placed at a 2.3 per cent premium. OCT expects the dividend payable on the ordinary shares for the year to end-December will be not less than 5p net per share.

The managers of OCT will be Mr Matthew Oakeshott and Ms Angela Lascelles, joint owners of three-year old investment management concern OLIM. OCT is expected to be wound up in 11 years' time.

After rapid growth in the period since the stock market crash, the market value of domestic convertible loan stocks and preference shares is now estimated to stand at some £9bn.

Rowe & Pitman arranged the placing, which by virtue of its split structure circumvented the Stock Exchange rule which normally limits placings to a maximum size of £15m.

Fenner advances to £5.45m

BUOYANT trading conditions in the power transmission market coupled with strong performances in the US, Australia and South Africa helped JH Fenner, the manufacturer of power transmissions and conveyor belting equipment, to achieve a 20 per cent increase in pre-tax profits in the half year to March 4 1989.

The pre-tax profits of £5.45m (£4.52m) came from turnover up from £83.95m to £90.03m. After UK and overseas tax totalling £2.08m (£1.86m) earnings per share worked through at 8.84p (6.42p), adjusted to reflect the impact of the recent rights issue, or 9.17p (6.66p) unadjusted.

The interim dividend is raised to 3.2p from 3p last time.

Mr Peter Barker, chairman, said the rights issue had strengthened the group's equity base by £16.2m and the result had been achieved in spite of the rises in UK interest rates and a softening in demand from the UK mining sector.

Good second half lifts S&U to near £2m

THE second-half improvement predicted at the halfway stage by S&U Stores, which has interests in retail credit, television rentals and the manufacture of hosiery, converted a £32,000 fall in interim profits into a £149,000 rise for the full year.

The taxable result for the 12 months to January 31 was £1.89m and was achieved on turnover slightly ahead at £38.08m (£37.77m). Tax took £717,000 (£670,000), leaving earnings up at 11.11p (10.16p) per share. The final dividend is 3p (2.75p) for a total of 4.25p (4p).

The chairman said that the group's balance sheet had been strengthened during the year and that this would continue. He added that current trading was encouraging and that hire purchase and TV rentals had advanced along with the company's financial services division. The increased volume of trading, despite higher interest rates, should be reflected in improved results in the current year, he said.

SHARE STAKES

The following changes in company share stakes were announced recently:

Alphameric – Scottish Amicable Investment Managers now holds 1.98m ordinary (10 per cent).

Anglesey – Imperial Metals Corporation has reduced its holding to 9.67m (47.8 per cent) with the disposal of 913,623 ordinary.

AT Trust – Mr Robert Ballinger has sold 700,000 ordinary, reducing his holding to 3.9 per cent.

BBB Design Group – Mr P O'Donnell, a director, has bought 22,000 ordinary at 28p apiece and 100,000 at 30p to bring his holding to 5.04m (60.86 per cent). He also continues to hold jointly in trust 209,000 (2.52 per cent).

Bellwinch – Scottish Amicable Investment Managers now hold 2.43m ordinary (7.88 per cent).

British & American Film Holdings – Authority Investments has purchased 26,850 ordinary, increasing its holding to 400,000 (20 per cent).

Caffyns – CJ Giltrap has acquired 25,000 shares for a total holding of 375,250 (8.35 per cent).

Candover Investments – CRB Brooke, a director, has disposed of 70,000 ordinary at 655p each, reducing holding to 500,000 (6.76 per cent).

Dares Estates – The company has bought 1.25m of its own ordinary at 32p apiece, bringing its cumulative purchases to 2.25m.

Davy Corporation – Abu Dhabi Investment Authority has disposed of 2.35m ordinary for a reduced holding of 7.65m (7.74 per cent).

Dean & Bowes Group – Mr Stephen Dean, a director, has disposed of 162,000 ordinary for 176p each, reducing his holding to 4m (29.4 per cent).

Dukeminster – Establishment Finital increased its holding to 40.4m ordinary (56.31 per cent) with purchase of 464,636.

Excalibur Jewellery – Provident Mutual Group has raised its holding to 2.15m ordinary (6.26 per cent) with acquisition of 400,000. the shares are registered in the names Provident Mutual Group and Provident Mutual Manager Pension Funds.

FII Group – Providence Capital Portfolio Managers now hold 630,000 ordinary (5.22 per cent).

Foseco – Prudential Corporation has reduced its holding to 6.83m ordinary (7.57 per cent) with the disposal of 355,000.

Momentum maintained

1989 First Quarter Results

The Group made an excellent start to 1989 with record pre-tax profits of £442m, an increase of £102m (30%) on the previous quarter and £84m (23%) above the first quarter of 1988. The key figures, with comparisons for 1988 are as follows:

	1st Quarter 1989 £m	4th Quarter 1988 £m	1st Quarter 1988 £m
Turnover	3,210	2,992	2,937
Profit on ordinary activities before taxation	442	340	358
Earnings before extraordinary items per £1 Ordinary Share	39.2p	30.0p	31.5p

Details of the results are set out in the tables below.

The first quarter's results demonstrate the strength and momentum in ICI's portfolio. Nearly all of the Group's main businesses achieved higher profits than in the fourth quarter of 1988, reinforcing the normal seasonal upswing in Agriculture.

Group turnover in the quarter was 9% above the first quarter of 1988. Higher selling prices accounted for 5% of the increase while growth in sales volume added 4%. In Consumer and Specialty Products profits increased substantially in pharmaceuticals, reflecting strong growth in sales volumes, and paints continued to advance. However, these gains were offset primarily by pressure on margins in films and also by higher development costs in new businesses. Profits advanced vigorously in the main Industrial businesses as demand remained strong. In Agriculture the agrochemicals season has begun well; results from plant breeding have improved; and fertilizers traded at a modest profit, mainly due to improvement in the UK business.

The following table summarises the quarterly sales to external customers, profit before tax and earnings per share.

	Turnover	Profit Before Tax	Earnings per £1 Ordinary Share
1988	£m	£m	pence
1st Quarter	2,937	358	31.5
2nd Quarter	2,930	425	37.8
3rd Quarter	2,840	347	30.4
4th Quarter	2,992	340	30.0
Year	11,699	1,470	129.7
1989			
1st Quarter	3,210	442	39.2p

The tax charge for the first three months of the year amounted to £160m (first quarter 1988 £135m), comprising UK corporation tax of £60m (£53m) and £100m (£82m) in respect of overseas and related companies.

The unaudited trading results of the Group for the first three months of 1989, with comparative figures for 1988, are as follows:

1988 First Three Months £m	1988 Year* £m		1989 First Three Months £m
		Turnover	
672	2,705	United Kingdom	730
2,265	8,994	Overseas	2,480
2,937	11,699	Total	3,210
359	1,470	Trading profit	433
121	484	After providing for: Depreciation	117
39	162	Income from related companies	51
−40	−162	Net interest payable	−42
358	1,470	Profit on ordinary activities before taxation	442
−135	−540	Tax on profit on ordinary activities	−160
223	930	Profit on ordinary activities after taxation	282
−10	−49	Attributable to minorities	−14
213	881	Net profit attributable to parent company	268
−	−44	Extraordinary item	−
213	837	Net profit for the financial period	268
31.5p	129.7p	Earnings before extraordinary item per £1 Ordinary Share	39.2p

*Abridged results: full accounts with an unqualified audit report will be lodged with the Registrar of Companies after approval at the Annual General Meeting.

Trading results for the first six months of 1989 will be announced on Thursday 27 July 1989.

IMPERIAL CHEMICAL INDUSTRIES PLC

UK COMPANY NEWS

Ashley calls for £31.1m to fund two purchases

By Andrew Hill

ASHLEY GROUP, which last year acquired Digsa, a Spanish food retailer, has bought another food distribution group in the country for a maximum of £19.9m. It is to balance the Spanish earnings with the acquisition of a Scottish window blind distributor for an initial £20.8m.

The purchases are mainly for cash, and the initial payments will be funded by an issue of new ordinary and convertible preference shares, raising about £31.1m. The group could eventually pay up to £54.8m in cash and shares for Apollo Window Blinds, depending on the company' profits in the four years to the end of 1992.

"We are an English public company, whose core business is a Spanish company, so we have to look at getting a balance to the business," said Mr Tony Butler, Ashley chief executive, yesterday.

Mr Butler said Apollo, based in Glasgow, was in a strong growth area of the window dressings market, adding value to the supply of blinds, for instance by measuring and assembling the products for clients. It made £3.89m before tax in 1988, on turnover of £16.9m.

In Spain Ashley, is buying Almacenes Castillo, based in the southern region of Andalucia, which has five supermarkets, five cash-and-carry outlets, 80 franchised grocery stores and number of independent traders.

It is paying an initial £9.5m in cash for the business, which it said would complement Digsa's Madrid and Catalonia operations. A further £10.4m will be paid in May 1990, funded from local currency borrowings by Digsa.

In the 14 months to February 28, Castillo returned operating profits of £1.92m on sales of £40.9m.

Apart from 2.5m new ordinary shares being issued to Apollo's vendors as part of the payment, Ashley is offering its shareholders nine new ordinary shares for every 13 ordinary shares held and one convertible for every 20 ordinary shares held.

The new ordinary shares, priced at 65p against yesterday's closing price of 74p, up 1p, and the convertibles, at 100p, have been conditionally placed with institutional and other investors. A further 2.1m convertibles not in the open offer have also been placed, at the same price.

Ashley, formerly Ashley Industrial Trust, is headed by Mr Tony Butler, who said yesterday that both purchases would enhance earnings. He was planning director of Dee Corporation, now Gateway, and chairman of Digsa, until last July when Ashley bought the Spanish supermarket and cash-and-carry chain from Dee and Mr Butler became the shell company's chief executive.

Growth slows at Daks

HIGH INTEREST rates and their adverse effect on exchange rates were behind the slowing in growth in the first half at Daks Simpson Group. In the six months to the end of January the tailor and clothier reported taxable profits ahead by 3.4 per cent.

On turnover higher by almost 5 per cent at £30.96m, profits were £2.41m (£2.33m).

Earnings per share were up from 23.33p to 23.76p and the interim dividend is again 3p.

The company recalled that in November it had expected a possible slackening of the rate of growth after the considerable expansion of the past few years. It added that it had continued with its major projects which had also had high start-up costs.

Lowndes Lambert pays £5m for broker

By Nick Bunker

LOWNDES LAMBERT, the medium-sized London insurance broker, has paid an undisclosed sum, thought to be about £5m, to buy fellow broker Chandler Hargreaves from Harrisons & Crosfield, the overseas trading company.

The acquisition was completed yesterday and forms part of a strategy of developing Lowndes Lambert with a view to seeking a possible stock market flotation in about 1992, according to Mr Richard Shaw, its chief executive.

The specific aim of the Chandler Hargreaves acquisition though is to increase the group's exposure to the relatively stable UK retail insurance sector, which largely means catering for property and liability insurance for commercial clients.

For Lowndes Lambert, UK retail insurance made up only 30 per cent of its 1988-9 turnover of £30m, with much of the rest coming from more volatile types of insurance such as professional indemnity, marine and US property/casualty insurance.

With 260 staff and gross turnover of £6m, Chandler Hargreaves takes about 80 per cent of its business from UK retail sources.

Until last year, Lowndes Lambert was part of the Hill Samuel merchant banking group. After TSB Group's successful bid for Hill Samuel though, Mr Shaw put together a management buy-out of Lowndes Lambert last spring.

Sherwood Computer in £1.97m loss and planning pref issue

By John Thornhill

SHERWOOD COMPUTER Services, the USM-quoted computer bureau and software development group, yesterday announced a pre-tax loss of £1.97m in 1988, compared with a restated £1.89m taxable profit made in the previous year.

The company also announced it is to raise £2.5m through the issue of 2.5m convertible preference shares at £1 each although they will not be quoted on the USM.

Directors said the proceeds would be used to restore the group's asset base and provide additional funds for capital expenditure and working capital.

Three funds run by B&C Ventures, the venture capital subsidiary of British & Commonwealth Holdings, will subscribe for 1.24m shares. Sherwood's management will subscribe for 232,500, and the rest will be offered to existing shareholders up to a maximum of one convertible share for every five ordinary shares held. This offer will be underwritten by B&C Ventures.

Mr Richard Guy, Sherwood chief executive, said the company's loss in 1988 was mainly due to problems with two recently-acquired subsidiaries, Corporate Technology Group and Mitronix. CTG incurred a loss of £1.73m in the first half of the year because of cost overruns on new software packages.

Sherwood has introduced management changes, reduced overheads and reached an agreement with ICL to collaborate closely in the local authority market. The group claimed the action taken over the last eight months had markedly improved its prospects.

Turnover in 1988 rose from £20.17m to £26.53m. The loss per share was 36.8p against earnings per share of 27.8p last time. The directors did not recommend a final dividend, although 4.5p was paid in 1987.

Scot Metro up 47%

Scottish Metropolitan Property, Glasgow-based property investment and development company, lifted pre-tax profits nearly 47 per cent from £3.8m to £5.58m in the six months ended February 15.

An interim dividend of 2.25p (2p) is declared, payable from earnings per 20p share up from 2.6p to 3.79p.

Net revenue from properties advanced to £5.53m (£5.25m) and the directors said the company was experiencing excellent tenant demand.

COMPANY NEWS IN BRIEF

CCA PUBLICATIONS: The recommended offer by HTV has been declared unconditional as to acceptances. The offer and the loan note alternative will remain open for acceptance until further notice. The partial share alternative will remain open until May 10 1989. By the first closing date, April 26, valid acceptances had been received by the holders of 10.6m CCA shares (95.65 per cent). Of these, elections for the partial share alternative and the loan note alternative were made in respect of 4.9m and 809,642 CCA shares respectively.

JERMYN INVESTMENT Co: Pre-tax profits £309,527 (£167,665) for 1988. Earnings 10.67p (8.82p) and unchanged single final dividend of 2.5p proposed. Net asset value 183p (142p).

LONDON & PROVINCIAL Shop Centres (Holdings) (property investment and development): Pre-tax profits £3.97m (£734,000)for six months to December 31 1988, net rents received £6.14m (£3.26m), interest paid £6m (£3.12m). Company is wholly-ownedsubsidiary of Randsworth Trust.

QUARTO GROUP: On April 5 1989 shareholders were invited to apply for 4.9m shares of common stock of par value US$0.10 each issued in connection with a placing for cash. Of the new ordinary, 2m shares were placed with investment institutions. The balance of 2.9m new shares were conditionally placed with investment institutions, subject to the offer. At the closing of the offer on April 26, valid applications had been received from shareholders in respect of 3.1m offer shares (106.6 per cent) conditionally placed. As a result, valid applications by shareholders up to their minimum entitlements will be allotted in full.

R. SMALLSHAW (Knitwear): Pre-tax profits £358,104 (£440,247) for 1988 on turnover £10.11m (£9.49m). Tax £125,829 (£153,582)and earnings per 10p share 9.291p (11.467p) before extraordinary items. Final dividend 2.25p making 3p (same). Directors said that with big increase in sales expected in coming months, full year profits should show an improvement.

BERTRAMS INVESTMENT Trust's interim results showed revenue before tax substantially higher at £58,501(£31,425) for the six months to March 31 last.Tax took £15,770(£5,828) leaving earings per 25p share at 1.35p(0.18p) for the interim dividend which is increased from 0.75p to 0.9p.

Five Oaks at £1.5m

Five Oaks Investments, property development and investment concern, reported pre-tax profits almost doubled from £808,911 to £1.52m for the six months to December 31 1988. Turnover soared from £4.43m to £18.59m. Fully diluted earnings per 5p share were 2.82p (adjusted 2.22p).

This year the company has acquired an income producing property at Brentwood and entered a joint venture for an office development project in central Birmingham.

The interim dividend is 0.6p (nil).

U.S. $100,000,000

FIDELITY FEDERAL

SAVINGS AND LOAN ASSOCIATION

Collateralized Floating Rate Notes Due 1992

Interest Rate	10 3/16% per annum
Interest Period	28th April 1989 31st July 1989
Interest Amount per U.S. $100,000 Note due 31st July 1989	U.S. $2,660.07

Credit Suisse First Boston Limited
Agent Bank

CITICORP BANKING CORPORATION

(Incorporated with limited liability in the State of Delaware)

U.S.$50,000,000 Floating Rate Notes due July 29, 1991

Notice is hereby given that the Rate of Interest for the period April 28, 1989 to July 28, 1989 has been fixed at 10.1375% and that the interest payable on the relevant Interest Payment Date, July 28, 1989 against Coupon No. 12 in respect of US$10,000 nominal of the Notes will be US$256.25.

April 28, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

ECU 150,000,000
IRELAND
Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 9% and that the interest payable on the relevant Interest Payment Date, October 30, 1989 against Coupon No. 9 in respect of ECU 10,000 nominal of the Notes, will be ECU 462.50.

April 28, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

USdol 204,000.000
Floating Euro-dollar Repackaged Assets of the Republic of Italy due 1993
F.E.R.A.R.I.I.

For the period from April 28, 1989 to July 31, 1989 the notes will carry an interest rate of 10% per annum with an interest amount of USdol 2,611.11 per Usdol 100,000 note The relevant interest payment date will be July 31, 1989.

Banque Paribas Luxembourg
Agent Bank.

NORWICH UNION INSURANCE

A year of dynamic expansion

• Payments to policyholders £1½ billion • Assets under management over £15 billion
• Jobs in UK 10,400—up 1,000

"Our success has resulted from the value for money we give to our policyholders, and we are committed to improving our performance still further"

reports Chairman, Michael G Falcon, CBE, DL

LIFE AND PENSIONS

- Payouts on most life and pensions policies were increased and are very competitive.
- We achieved a gross yield of 18 per cent on UK policyholders' funds–investment performance covered the increased bonuses.
- The investment reserve rose to £3.75 billion and is now 37 per cent of policyholders' funds.
- In two years annual premiums in the UK have increased 50 per cent to over £600 million.
- Worldwide new premiums rose to £950 million; UK pensions policies, company and personal, were particularly buoyant.

GENERAL INSURANCE

- Worldwide premiums grew by 18.5 per cent and passed the £1 billion mark for the first time.
- Pre-tax profit jumped by 54 per cent to over £110 million–more than three times the 1986 figure.
- Net asset value is now over £768 million–solvency ratio 91 per cent.
- 800,000 claims were handled in the UK, with payments totalling £500 million.
- We continued to be the UK's largest motor insurer and launched major new products for retired motorists and vehicle fleet operators.
- A record dividend of £26 million was paid for the benefit of the UK life policyholders.

Copies of the Directors' Report and Group Accounts may be obtained from The Accountant, Norwich Union Insurance Group, P.O. Box 4, Norwich NR1 3NG.

THE PROPERTY MARKET

The institutions reduce the pace

By Paul Cheeseright

The big trouble about property for the investing institutions is that they have not been making much money out of it. There has been a big increase in capital values and rental growth over the last few years but this has largely been a question of catching up on the lean years earlier in the decade.

Since 1987 the total returns from property have been higher than for equities or gilts. But if the returns are averaged out over the decade, then property has still done less well, either at current prices or in real terms, than equities or gilts.

But the impression abroad has been that the institutions have been moving back into property and then waiting with pots of money for any development that becomes available. Much of this has been market hope, translated into rumour and fuelled by anecdote.

In fact, the new institutional investment in property has been modest. Its geographical scope has been narrow: outside the retail sector, there remains an huge preference for the south. Regional economic revival has provided an opportunity for sales rather than a stimulus to new investment.

Collectively, the institutions with holdings worth more than £60bn own more commercial property in the UK than anybody else – the insurance funds are substantially more important than the pension funds. But, arguably, their influence over the sector has withered since the 1970s.

Granted there is more institutional money in property, granted they are more active in the market, but the fact remains that, despite the 1987-88 boom, total institutional investment in property, measured in real terms, is less than it was at the end of the 1970s.

Although the share of property in the overall institutional investment property by the end of 1988 was around 12.5 to 13 per cent, probably three percentage points more than at the end of 1987, this increase appears largely unplanned. It was due more to the increase in capital values – 23 per cent over 1988 – than to net new investment.

Beyond that, the greater diversity of funding methods – most notably the explosion of bank lending and the growing use of commercial paper programmes – and the greater diversity of property ownership have tended to make the institutions look more like ordinary players in, rather than the referee of, the property market.

Insights into such trends, through the detailing of institutional investment behaviour and property portfolio performance, are provided in an annual analysis* by the Investment Property Databank (IPD). It is the statistical analysis of a boom based on records held in the IPD database of some 6,000 institutional properties with a capital value of around £23bn. As such it offers information on how the institutions have been handling their property investments.

Total returns for the institutions at a record 29.8 per cent in 1988 were 6.3 percentage points higher in nominal terms and 3.0 percentage points higher when adjusted for inflation over 1987. "But investors saw a fall in income return and net income growth, as raised rental values have yet to feed through at rent reviews," IPD said.

The institutions traded heavily last year, but as far as net investment was concerned, there was fall among the insurance funds and a rise among the pension funds and short-term funds. "The retail sector continues to dominate net investment, accounting for 89 per cent of the total in 1988," IPD calculated.

But geographically the institutions concentrated investment in the south of England. There was a fall in London last year, but this was more than matched by more spending throughout the rest of the south. Net investment in the rest of the country fell.

Indeed, one of the characteristics of institutional performance was the tendency to sell property into the sharply rising industrial market. And, as in any boom, those who were there at the start tended to do best. The best investment performance, IPD found, was in older buildings and those held for longest in portfolios, and in smaller buildings, rather than larger units.

To only a limited extent, however, can IPD predict the future trends of the market. It makes the point that the effect of rental value increases has yet to show through in many rent reviews

Where IPD cannot help is in divining future investment intentions. On the face of it, this is hardly a good time to invest. The rise in the market has made the entry ticket more expensive while the general movement of the economy would at best suggest a degree of caution: it is not by any means clear that the economic expansion which has fed through into office and industrial space demand will continue. At least there is the possibility of short-term uncertainty in the market.

Against that, the property market is slow to react to what is happening in the economy at large. Even if the market turns down, returns this year will still be high in comparison with any years of this decade but the last two. And the flattening out of the retail market probably offers more favourable buying opportunities than have been available for the past 18 months.

As far as the institutions themselves are concerned, fund managers whose performance is monitored on short-term results may not be able to be aloof from what is now the highest performing investment medium, even if that medium looks a little soggy round the edges. It is a fact of life that institutions are not always in phase with the most sensible time to buy. But it is also a fact of life that these days property, despite its financially lumpy character, is not necessarily seen as a long-term investment.

**IPD Property Investors Digest 1989; Investment Property Databank, 7-8 Greenland Place, London NW1 0AP; with updates £1,750.*

Values at a glance

The first publication of the IPD monthly index shows a market which may be starting to cool. The speed of increase in returns from property has started to slow, suggesting that the market may already have passed its peak.

The index, constructed from a sample of 890 properties owned by 31 funds and worth some £2.3bn, will be published on this page, on the last Friday of each month, with the aim of more accurately tracking market trends.

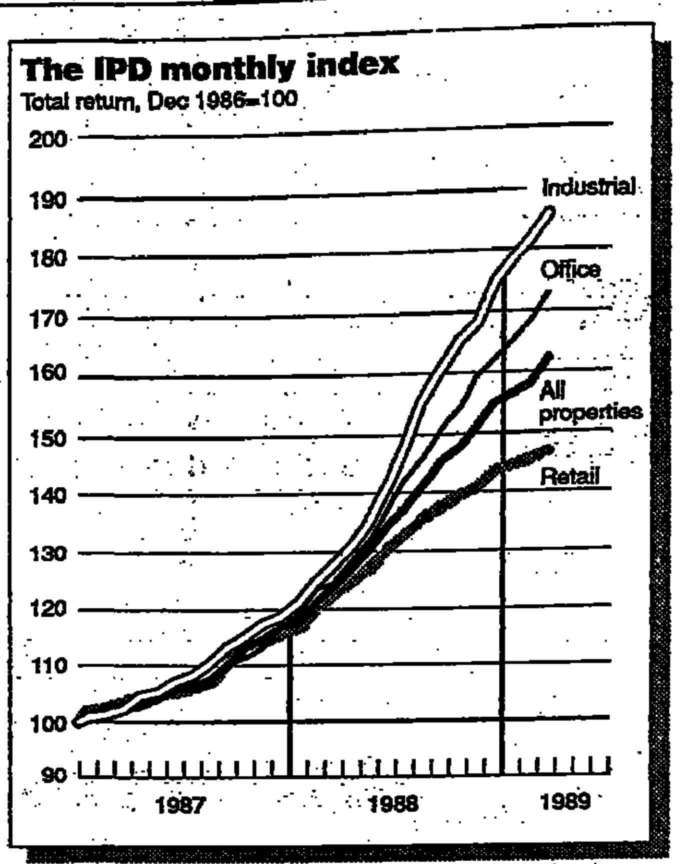
The Investment Property Databank, although initially funded by eight chartered surveyors, is independent and not engaged in the buying and selling of property. It has built up a database of 6,000 properties owned by the institutions in the UK and Republic of Ireland and currently worth about £23bn.

Most of these properties are valued annually, but the demand from some funds for monthly valuations has enabled a sample of properties to be assembled which offer a performance guide to the market as a whole. It is on these properties, owned by property unit trusts, unit linked insurance funds and managed pension funds, that the IPD monthly index is based.

Of the properties, 46 per cent are offices, 42 per cent are retail, 11 per cent are industrial and the remainder fit into the category of "other". Just over two thirds of them are in London and the south east, reflecting the concentration of institutional investment.

For these properties, taking the first quarter as a whole, the average monthly return has fallen to 1.5 per cent compared with an average 2.2 per cent monthly return in 1988.

In March alone, industrial returns fell slightly, although this sector of the market remains strongest, offices increased slightly but not to last year's levels



FINANCIAL TIMES
SURVEY

Managers are seeking to cope with major changes in the working environment. These are due in part to new technology, plus higher expectations among staff and stricter legislation regarding health and safety at work, as Della Bradshaw reports here.



Computers in the office, the factory and the superstore: from left, stockbrokers in the City of London; computerised controls at a steel mill; and point-of-sale terminals.

The Workplace Environment

Key catalysts for change

PEOPLE may spend more than half of their waking hours at their office or factory, but it is only recently that designers – or employers – have begun to pay close attention to the workplace environment.

Employers have only rarely been driven by philanthropy – though many have learned that if they want to keep skilled staff, then it pays to provide a pleasant place to work.

The most important catalysts for change have instead been widespread introduction of computer technology, shrinking workforces, tighter workplace legislation, and work-related illnesses. They have made the task of designing and maintaining the workplace much more complex, and the task is likely to become even more complicated in the years to come.

On the one hand, designing and maintaining offices and factories, where people spend so much of their time, has always been a complex and complicated task. But that task is likely to become even more complex over the next five years, as the combination of new technology, a shrinking workforce and increased legislation revolutionises the way businesses have to operate.

On the one hand, company directors are being forced to improve the workplace environment to comply with forthcoming European Commission (EC) regulations on health and safety at work. On the other hand, "facilities managers" under pressure to improve corporate efficiency have to cope with the legacy of past building mistakes – now often resulting in workplace illnesses such as the "sick building" syndrome - as they contend with the introduction of electronic equipment.

Companies have realised for some time that wholesale relocation of office or factories can cause a mass exodus of qualified staff – it is not uncommon for 50 per cent of staff to opt for redundancy if their workplace is relocated.

But companies are only just beginning to realise that the environment inside the building, the office environment in particular, can be a contributing factor in attracting and keeping staff, says Ms Stacey Litwin-Davies, a divisional director at Fitch Benoy, the architectural wing of international design consultants, Fitch RS.

"If you put someone into an environment that is too big and open, then they lose their identity. It becomes a question of 'bums on seats,' not a question of the individual," says Ms Litwin-Davies. "That's why having your own office is such an important status symbol – it gives you a sense of identity. If you can give people an identity, then basically they will work well."

New technology, particularly office computer systems, can have the same effect as a bad use of space, according to the UK's Business Equipment and Information Technology Association (Beita), an association of international information technology suppliers, such as IBM, Digital Equipment and ICL. Dr Anita van de Vliet, who is compiling a report on the topic for Beita, says the view of both manufacturers and users is that information technology could be an isolating factor if the building was not designed to compensate for the new ways of working.

"For example, computer users generally like electronic mail," says Dr van de Vliet. "But they also think it can inhibit personal interaction if the building is not designed to compensate for the fact that information technology changes the way people work."

Although information technology has been introduced into businesses to give them a competitive edge, many now believe that in the long-term it could have the opposite effect. In particular, the rise in incidence of repetitive strain injuries (RSI) among staff engaged in repetitive tasks is worrying many companies.

Although, traditionally, RSI was a complaint of workers on production lines and at cash tills in supermarkets, the complaint is spreading among staff employed on repetitive high-volume data entry tasks, in services such as banking and insurance, as well as information technology manufacturing and servicing companies. Any other job which involves the repetitive use of keyboards, such as journalism, can also produce the same complaint.

Although sceptics have frequently dismissed RSI as a malingerer's excuse, some senior managers believe that unless the problem is tackled soon, and computer users taught the best practices for using equipment, then the current situation could result in an epidemic.

The introduction of electronic equipment in office blocks causes far more immediate problems than the change in the way people work. Modern buildings can be designed to take into account the need for extra services to cope with computer systems, in particular wiring and air-conditioning. Ducts can be built into the walls or between ceilings and floors to facilitate the installation of cables.

But with older buildings, particularly office premises built during the office block boom in the 1960s, the problem is much more complex.

The decision is inevitably a balance between cost and facilities. And, says Ms Litwin Davies, it can often prove cheaper for companies to actually rebuild than to try and put modern facilities into and older building – "it's a difficult decision for companies in Europe, because here there is a very costly existing building stock. We're finding that a lot of clients are unnerved by the prohibitive costs of updating their offices," she says.

Ageing office building stock has also come into prominence recently as the source of illnesses such as legionnaires disease and 'sick building syndrome.'

This syndrome, which is caused when the air in a closed office block is not changed frequently enough, has been a particular problem in the US where the height of office blocks has dictated that, for safety reasons, there should be no opening windows. In California, where the weather forces companies to have a highly controlled workplace environment, employees have been quick to use the law to redress illnesses which come under the term 'sick building.'

That has acted as a catalyst for many US corporations to install equipment to enable individuals to control their own immediate environment. Such energy management systems, which control the heat, lighting and ventilation of the building, can be adjusted by individual employees from their workplace – a worker could adjust the temperature of his or her office space simply by pressing a button on the telephone, for example, as the energy control system would be linked into the telephone network.

Companies are hoping that if their employees have some control over the environment in these so-called 'intelligent buildings,' they will be less likely to suffer illnesses – or, at least less likely to sue.

Although North American companies are changing their perspective on intelligent buildings, and seeing them as a way of improving employees' working conditions, that view is still rare in Europe, says John Bernaden of Johnson Controls, which along with Honeywell Controls, dominates the North American market for such systems. In Europe, he says, companies still see such systems as a tool for cutting costs.

In the US alone, the market for such energy management systems is worth \$3bn (£1.7bn) a year. In Europe, by comparison, the market is growing rapidly, but will still only be worth \$1.7bn by 1992, according to market research organisation Frost and Sullivan. The growth in the market has been fuelled by the availability of microcomputer-based systems, which can be installed for as little as £2,000.

Standards on requirements for buildings, such as on heating, lighting and ventilation, are now being thrashed out in the EC in Brussels. At the heart of the problem is whether stricter regulations proposed by colder northern European countries, for services such as thermal insulation of buildings, will win favour. Or whether less severe regulations, favoured buy southern European countries, will hold sway.

Already passing through the legislative pipeline in the EC are a number of health and safety regulations which will have to be incorporated by companies in all the member-states. They include regulations for the use of machinery, personal protective equipment, video-display units and manual handling.

Regulations on the safety of machines and personal protective clothing are likely to be on the statute books this summer, which could mean businesses have to comply with them within two years.

Experts in the area of health and safety, such as John Ridd, head of the ergonomics unit at

Continued on next page.

Growing role for facilities managers

THE ROLE of the professional facilities manager for business environments is gaining a steadily higher profile with a number of new associations being established in Europe, the US, Japan and Australia.

Commenting on the trend, Mr John Arthur of the UK's Association of Facilities Managers (AFM), says: "Something quite unique is happening around the world — the foundation of a new profession, significantly different in that it predominantly represents the occupiers of property, rather than the developers' or landlords' interests. This applies whether the service is provided in-house or contracted-in."

AFM's membership stands at just over 300 with a potential membership of many thousands who are involved in the management of premises, including the facilities and services they contain. Training seminars and the exchange of new information are key activities.

The AFM began in 1986 with a small group of facilities managers from such companies as Manufacturers Hanover Trust, Chase Manhattan Bank, Standard Telephone and Cables, British Telecom, Business Press International and BBC Television, prompted and encouraged by Dr Frank Duffy of DEGW, the architectural and planning consultancy, and the International Facilities Management Association of America.

Corporate thinking about facilities planning and management in the UK may still be three to five years behind the US, according to Prof. Franklin Becker of Cornell University in the US, and one of the world's authorities on the subject.

For more details about AFM, contact Rosemary McMahon in London on 01.370 7849.

David Lawson examines developments in office design

The key word is flexibility

THE ABSOLUTELY ideal workplace does not exist. Most employers have to make the best of what they can get – a compromise between costs, staff comfort and the limitations of the bricks and mortar around them.

Some organisations are wealthy enough to build their own factory or office block, but even here the confines of costs and planning rules are powerful. Only recently have high-technology companies been freed by planning reforms to use space as they choose rather than separating research, manufacturing and office space into distinct parts of buildings. This was an anathema to organisations where such divisions are blurred and constantly shifting.

Today's developers are not geared to produce the perfect solution. They aim to create buildings which appeal to the widest range of possible customers, and therefore fully satisfy none. It is then up to an engineer, architect or space planner to manipulate things to meet a tenant's needs.

The most enlightened developers make things easier by not finishing the interiors of their creations. An office block will be left with the basic services installed but no partitions or ceilings. Offices will be fitted out on the upper floors of a buiness park building but the ground floor left bare. Tenants are left to shape the space to their particular needs.

This is a major improvement over the glass stumps and industrial sheds which still make up the majority of workplaces in the UK. Property investment funds, which have the whip-hand in deciding how most new buildings are designed, have accepted that tenants will not emerge unless they can house their staff in comfort and accommodate all the new pressures of modern technology.

Today's key word in workplace design is flexibility: tomorrow's will be comfort.

Modern companies are changing so quickly that they need to be able to switch around activities almost overnight.

"In essence, you have to treat every building as a box which plugs into the surrounding environment," says Nicholas Terry of engineers and architects Heery International. "Once you know you can get staff in and out efficiently, the aim should be for total flexibility within the box to meet any possible changes."

The squat blocks going up around the City of London are classic examples, but so are many of the new greenfield business parks spreading around major cities.

Another basic principle is to make that box comfortable for staff both to work in – and to reach from home. The forecast fall-off in school-leavers during the 1990s will divide business sheep from goats, as top-quality staff will be able to pick and choose where they work. Many growth companies have already decamped to pleasant business parks and spent fortunes on interiors – not just for flexible efficiency, but to impress staff.

Others are more restricted to town centres and may have to make the best of the buildings they can find unless rich and confident enough to build their own home. Making a 1960s' glass box both comfortable and efficient can strain the resources of architects and space managers because these outdated buildings usually cannot cope with the cables and air-conditioning needed by even the most mundane of offices today.

In fact, Victorian buildings can even be easier to manipulate because they have the space for suspended floors and false ceilings.

New buildings are no longer designed on the 'long and thin' pattern, suitable for the small offices and corridors fashionable at the time. Wide and squat is the modern image, giving big floors which can be manipulated with partitions into an enormous number of configurations, says Mr Terry. That has led to the ubiquitous atrium, which not only provides a pleasant outlook for staff but also allows in natural light to what would be dank inner areas of the block.

Managing the arrangement of work within this envelope will vary according to the type of business involved. Architect GMW asks its clients to compete a detailed questionnaire, not just about staff numbers and functions, but image and organisation – "office layout will depend on how people interact and communicate, either on a head-to-head basis or down through a pyramid."

For companies seeking to keep the highest-qualified office staff, tomorrow's key word may well be 'comfort.'

Offices in the past tended to be cubicles opening onto corridors – part of the reason for all the 'long and thin' carbuncles. This is still relevant for, say, a solicitors' operation, which requires privacy. But open-plan suits an administrative, back-room business with lots of clerks doing similar work, or an enlightened company which seeks to keep managers at the same level as other staff.

Everyday work practice will also determine the best way to organise layouts. When designing a new centre for Townsend Thorensen in Dover, it was found that people worked in groups of five, so furniture was designed in hexagons. And because several people shared each desk in shift rotation, they were given extra personal storage space and fitted for convenience of both left and right-handers.

This sort of detail can easily be lost in standardised office layouts which seem theoretically ideal, but end up irritating staff and reducing efficiency. GMW builds and tests prototypes to iron out wrinkles: when converting Shell Mex House in the Strand, it let staff loose on a complete 4,000 sq ft office before carrying out the rest of the work.

Not everyone has the choice of starting from scratch, however. Older buildings often have to be reorganised, either by refurbishing or merely switching around the furniture.

"The shell of a building can last up to 60 years, but the main mechanical and electrical systems may be changed two or three times during that life," says Mr Terry. Furniture may be switched every few months.

Space managers come into their own in trying to translate the principles of new office arrangements into existing workplaces. Legal requirements for space allocation are almost irrelevant: The Offices and Shops Act demands 400 cu. ft per person, but it would be hard to squeeze a desk, chair, body and files within that bare 7 sq ft – and still attract staff.

But as space is at a premium in high-rent offices the space planner will struggle with the almost impossible task of using as little as possible while still ensuring that desks are comfortable and well-lit, near windows but away from potential nuisances such as photocopiers and coffee machines, and in line with the sub-floor cable runs that feed each desk-top screen and telephone.

Layered on top of this, however, is the personal element: certain people may prefer to be closer or further from each other than theory dictates. Detailed plans drawn up on computers are shattered when one or two staff members decide to move their desks to chat better – or escape the office smoker.

Modern industrial workspaces are not much different from the electronic office. In fact, as manufacturing becomes cleaner and lighter, the buildings and staff begin to look remarkably alike. Process engineers tend to decide ideal layouts for computer-controlled operations, but even here the potential shortage of skilled staff will demand high degrees of comfort as well as efficiency in future.

The out-of-town business park is destined to provide as comfortable an environment for industry as for office work in almost identical buildings. Already there are manufacturing operations with a higher standard of climate control than the offices which hold their managers.

The boot will have well and truly switched to the other foot when the outstanding task of workspace planners is to raise office standards to those of industry.

David Lawson

Problems raised by the 'sick building syndrome'

There are no simple solutions

TAKE A crowd of people, coop them up in an airtight building filled with modern furnishings and it should not be surprising if they go down with headaches, sore throats, skin rashes and nausea.

Many people are allergic to some form of man-made material, chemical cleaner, or tobacco smoke – and trapping them in the same space, where they also share the same air as a few hundred other lungs, is not the best way to promote good health.

Yet, until recently, the idea that workplaces caused illness was thought to have gone out with dark Satanic mills. Even now the "sick building syndrome" (SBS) has not shaken off the suspicion among some managers that it may be all a convenient excuse for malingerers.

But the evidence that something is badly wrong with the way many modern buildings are designed and run has become too significant to ignore. The Institute of Mechanical Engineers has compiled an information pack more than 100 pages long on buildings and health – and that is just the reading list.

Numerous studies have been done and still more are planned as scientists and designers from various countries realise the widespread nature of the problem and begin to share ideas.

At an international symposium on sick buildings, held last year in Stockholm, leading trade union representatives complained that a major social problem had grown up but they had little knowledge of the causes or solutions.

The main shadow of suspicion for SBS has hung over air-conditioning systems since the dark side of new office technology emerged in the US, almost two decades ago. Office staff fell ill before then, but it was gradually realised that air-conditioned blocks seemed to suffer worst. Burgeoning use of desk-top computers and other heat-generating electronics has spread air-conditioning out of hot climates into northern Europe, and SBS has followed.

But this is too simplistic an answer to a complex group of problems emerging from various studies. One British investigation claimed that 80 per cent of air-conditioned buildings were "sick," but as the Heating and Ventilating Contractors' Association (HVCA) points out, other office blocks also suffer problems. There are also curious anomalies: public buildings tend to be worst hit and clerical workers fall sick more often than higher grades.

It may seem like hair-spitting to sufferers, but *air-changing* rather than air-conditioning should be the real target for attack, with a host of other factors contributing to general malaise. Air carries the pollutants and germs which create and spread illnesses, and – whether conditioned or not – if it is not changed properly, it will cause problems.

In older buildings, a stuffy head or tobacco smoke could be cleared by opening a window: today's workers in sealed buildings rely on air extraction ducts which may not be up to the task.

The Swedish conference was told that at least 40 per cent of that country's population had some form of allergy, yet the airtight building is a breeding ground for microscopic mites and spores because environmental control keeps humidity and temperature at a suitably high level. Some ventilation systems made matters worse rather than better, said Mr Gray Robertson, head of US consultants, ACVA.

A study of more than 40m sq ft of office space revealed examples of filthy ducts even in sensitive areas such as hospitals, where spores and bacteria bred overnight to be sprayed around buildings during the day.

More than a third of the systems were using recycled air alone, rather than diluting this with fresh outside supplies.

Some ventilation specialists claim to have cracked the problem by ensuring that fresh, rather than recycled air, is brought in to flush out impurities. Aptly enough, considering the Nordic concern for health, two have strong Swedish connections. Anders Nisses, which played a big part in the symposium, is singing the praises of the Anglo-Italian Hiross system of underfloor air supply, which it has used extensively around the world and is fitting into a showpiece development of the former Crown Agents' headquarters on London's Millbank.

The main shadow of suspicion for the sick building syndrome has fallen upon air-conditioning systems

Another Swedish idea, called Floormaster, also ducts in fresh air at low level, working on the principle that the fug and fumes from an office will be pushed upwards for extraction. UK distributors, Stratos, point out that heat control is important as each worker gives off as much energy as a 100 watt bulb and productivity drops by half when temperatures rise by 4 degC from a comfortable working level of 20 degC.

On the other hand, industrial accidents increase by 30 per cent with a fall to 12 degC. But air-conditioning systems may achieve this balance by stirring up the air and pollutants by pumping via ceiling distributors.

The HVCA in Britain recommends a minimum air volume supply of eight litres per person per second in its set of guidelines, 'How to Avoid Sick Building Syndrome.' But in practice, occupiers are often ignorant of the capacity of their systems or stuck with what they have inherited in an older building.

Overcrowding develops imperceptibly with an extra desk here and another fume-producing photocopier there. Switching routine clerking to electronic screens can mean people suddenly find themselves working in a fixed position and at a pace set by others.

"A person under stress is much more aware of physical discomfort and likely to be more susceptible to bachache, eyestrain, sore throats and the rest of the symptoms of sick building syndrome," says Mr Roger Henderson of space planners, Anderlyn. "Attribution of these complaints to a single cause may be bogus, but the ailments of the individual are generally genuine."

So "sick" buildings are no figment of the malingerer's imagination – but the cure is much more complex than first thought, involving correctly designed environment control and a delicate manipulation of office politics and sociology.

Office managers have a long way to go before they come to grips with the problem, but as Sigvard Marjasin, leader of 20,000 industrial safety delegates in the Swedish Municipal Workers' Union says, workers can at least be made aware of SBS, so they can link their problems with their workplace – "otherwise they will feel bad without knowing why."

David Lawson

New recommendations for building maintenance services

Greater awareness of health hazards

THE STREETS of London's West End began to resemble the set for some science fiction movie earlier this year. News emerged that a microscopic killer had made another silent foray from its secret lair high in surrounding buildings to rain death on innocent crowds below. Men in white coats were shown struggling against time to locate and destroy the beast.

Legionnaires' disease once more became an everyday term, as the sickness within buildings seemed to spill onto the pavements outside.

There is a world of difference between the coughs and headaches loosely associated with 'sick buildings' and the death toll from the pneumonia bacteria, legionella. But they are both rooted in the poor design and maintenance of building service systems.

As outbreaks increase, building owners and occupiers are nervously anticipating huge legal bills from casualties or dependents, unless they clean up their act.

But both they – and environmental health scientists – face the problem of identifying the killer's lairs. Water-cooling towers for air-conditioning systems are a prime suspect. The bacteria is fatal only if inhaled by those susceptible to the disease after being sprayed into the air and carried on the wind. While most systems are air-cooled, there are still hundreds of these towers along the rooftops of an office centre like Leicester Square, where Westminster council officials have been desperately trying to trace one source.

The drama of recent outbreaks such as at Broadcasting House in London also hides the fact that other water supplies can be just as dangerous to workers within buildings. The bug is found in virtually all water, but can become dangerous through the aerosol action of taps, showers and humidifiers as well as cooling towers.

The Building Services Research and Information Association (BSRIA) has discovered the organism in more than half the public buildings it investigated

More than 70 epidemics and outbreaks have been recorded since the was disease discovered and named after an outbreak in an American Legionnaires' convention at a Philadelphia hotel.

More than 50 outbreaks were traced to the hot water systems of other hotels, according to Mr Paul Godwin of the Sinnett Partnership, consulting engineers. Hospitals ironically became health dangers in 10 cases and shopping centres have notched up almost as many attacks.

More than 70 outbreaks of Legionnaire's Disease have been recorded since the bacteria was discovered.

Calls for cooling towers to be outlawed are, therefore, played down by engineers as a solution to this health hazard. But building tenants and owners will have to commit themselves to much more stringent maintenance of all water-based systems in future.

Enough research has been done for the BSRIA to draw up a checklist of the conditions under which legionella can become virulent. Avoiding these conditions should be relatively easy. Unfortunately, maintenance is a low priority for many managements

A plethora of Health & Safety Executive advice has been rushed out in recent years but this can prove useless unless interpreted properly. This year's outbreaks were partly blamed by the Heating and Ventilating Contractors' Association on the mild winter, which stimulated growth of legionella.

Many companies may have followed standard recommendations to clean systems during April and May rather than bringing the work forward to take account of the unusual weather conditions.

"There is no reason why wet systems cannot continue to be used, but this must be coupled with proper maintenance and materials that cannot encourage bacterial growth," says Mr Godwin.

Legionella may be eliminated, but it can be prevented from growing. Tenants and landlords will have to take a harder look at background services in their buildings which seem, on the face of it, to be simple and trouble-free. The courts may weigh liability in large damages cases against management attitude to maintenance and whether expert advice had been sought.

Such costs are likely to dwarf the amount necessary to tweak danger points out of an average wet system and set up a proper maintainance regime. There is no need for mass conversion to dry systems, which would be neither easy nor cheap in most cases, says Mr Godwin.

In any case, that would still leave the dangers from taps, showers and fountains. But he fears that unless the problem is eradicated quickly, public disquiet may rise to a pitch where new laws have to be brought in to outlaw wet-cooling systems.

David Lawson

Della Bradshaw on 'teleworking' from home

Big benefits all round

IMAGINE not having to commute every day, but being able to work from home. With advancements in technology that is now an option open to many office workers. And it is an option that many employers are begin to promote.

The combined problem of congested traffic systems in major urban conurbations and the need to retain skilled staff has forced employers to consider teleworking, often called telecomputing, as a way of working, says Breda Robertson of IT World, the information technology and teleworking consultancy. Interest has developed particularly strongly over the past three years, notes Ms Robertson.

Although teleworking, which entails the use of computers or word processors outside the normal office environment, usually at home, has its roots in the computer industry, the London-based Henley Centre for Forecasting believes a very wide range of jobs can be carried out in this way.

The Centre predicts that by 1995, 4m people, from basic clerical staff to professional and management employees, will be doing at least some element of their work at home.

Despite the growing interest in the UK, British employers in fact come bottom of the European league for enthusiasm in teleworking. In a study conducted by the Bonn-based research organisation, Empirica, for the European Commission, only 35 per cent of decision-makers questioned in the UK said they were interested in employing teleworkers.

By comparison, 60 per cent of Italian managers – top of the table – said they would be interested in employing staff working from home.

Teleworking has obvious benefits for employers. They experience financial savings on overheads such as heating, lighting and maintenance, and, in particular, office space.

In addition, if they employ teleworkers living in areas away from the main skills shortage centres of London, New York, or other capitals, then wages can be lower as well. In London, for example, companies often have to pay more than £3,000 in London weighting allowances.

But one of the biggest benefits for employers is that teleworkers tend to be more productive than their office-bound counterparts. Companies such as FI Group (formerly F International), the computer consultancy group which was one of the original pioneers of teleworking in the UK, notes that without the distractions of the general office environment - phone calls, gossip and endless cups of coffee - teleworkers can concentrate better and so finish a task more quickly.

The London-based Henley Centre believes a very wide range of jobs can be achieved with teleworking

Other UK computer companies are noting similar results. Bull HN Information Systems (formerly Honeywell Bull) in West London, ICL and Rank Xerox all believe that working in the home environment increases productivity.

But because most teleworking is done at home, employers usually insist on certain working conditions. Employees must, for example, have made adequate arrangements for children or other dependents, so that they are not disturbed during the day.

In addition they must have a room separate from the rest of the home, where expensive computer hardware can be locked away from childrens' sticky fingers.

Those rules have been particularly important over the past ten years, when most teleworkers have been women who gave up traditional full-time office employment because of family demands. Now, however, there are a growing number of men who believe teleworking is the most effective way to work.

One such example is Colin Coulson-Thomas, formerly a full-time public relations employee with Rank Xerox. Now he combines that job with a similar role for the British Institute of Management, and he is is a director of the Aston Business School in Birmingham as well. He believes that not having to commute into the office every day gives him the time to pursue other activities. And rather than spending time in endless regular meetings he can ensure that any appointments that he does make, bear fruit.

Apart from the need to employ skilled staff, the falling costs of computer hardware have also encouraged some employers to take the plunge and allow their workers to work from home. Personal computers, for example, which along with terminals or workstations form the basic equipment for fully-fledged teleworkers, can now be bought at under £1,000.

In addition, remote workers need a telephone and, if the work is to be sent directly to the central headquarters, a modem, which translates the digital information from the computer into a language which can be sent over the ordinary telephone line. Facsimile machines, portable computers and mobile telephones are all contributing to make the teleworker's life easier.

Although teleworking was originally introduced as a way of employing people who found it difficult to carry out a full-time office job – such as parents with small children or the disabled – it is now developing a new image as a way of dipping into pools of unemployment. The UK Government, for example, has just launched Project Frontline, which is intended to help regenerate areas of high urban unemployment.

The plan is to set up a series of information technology work centres in five major inner city areas. More than 500 people will be trained in scarce skills such as dataprocessing, and will work in the centres for companies based in London and the south-east, where such skills are scarse.

Several similar schemes are already in operation, one of the most unusual run by the New York Life Insurance Company, of the US. Its latest office is in Castleisland in the Republic of Ireland, where 70 employees process insurance claims for the American parent.

Up to 15 per cent of the company's claims are flown over to Ireland, where they are processed, and the resulting information sent back to the company's computer centre in Clinton, New Jersey, over a dedicated telephone line.

Key catalysts for change

Continued from previous page.

the Robens Institute of Health and Safety, which is part of the UK's University of Surrey, believe many businesses are not fully aware of what the legislation will mean to them. In particular, they are unaware that they will be required to carry out an assessment process in the workplace to make sure it conforms to the new regulations.

"In my view, the majority of companies are not aware of, or not concerned enough about, the implications of the new directives to take action so that they will comply with the law when it comes into effect," says Mr Ridd.

Those who have studied the proposals, he believes, are worried by the extra expense they will involve – "some companies are saying that if they have to implement all the necessary steps that appear in the manual handling document, for example, then they will go out of business. And these are major companies talking."

Mr Ridd believes companies will have to implement a lot of new systems and procedures for assessing safety in the workplace, and they will have to be implemented at management level.

"Because the new laws will be more onerous, so there will be more work for managers to do," explains Mr Ridd. "I believe it will mean that responsibility for safety at work will have to move up the ladder in companies, and managers will have to play a far more active role in implementing it."

However, managerial interest in the design and implementation of the workplace is already on the increase, says Ms Litwin-Davies, and she believes that will have a very positive effect on the working environment.

"Clients want to know what all their options are before they make a decision. They really want to understand what they are getting into. You can no longer design an office on the drawing board and then just sell the client your ideas."

One reason for that is the growing awareness among managers that as well as being a key to maintaining qualified staff, the design of the workplace is also a marketing tool, expressing the character of the company.

As Europe follows the lead of the US in building speculative offices and industrial units, such as London's Broadgate or Docklands developments where the tenants are not known at the outset, more and more buildings are being constructed which do not express the identity of their occupants. The situation is particularly acute in the UK, where new rules mean that a light industrial unit can be changed into offices, and vice versa, without local authority permission.

"Companies are beginning to realise that to hold on to their marketplace, or to create a new one, then they need a building with an identity," explains Ms Litwin-Davies. But, in the end, she acknowledges it is all a question of how much companies are prepared to spend.

Health and safety at work

The agenda widens

THE DAYS when office health and safety was just about the dangers of heavy filing cabinets and cables running along the floor which could trip people up, are going.

For much of the 1970s the health and safety agenda in offices was drawn from long established traditions within manufacturing industry. It was mainly concerned with quite obvious, physical hazards, which could lead to accidents.

But since the widespread introduction of computers systems in the late 1970s, the agenda has broadened. Not only does it now concern occupational health as much as physical safety.

It also has to encompass a far more diffuse set of threats to health, such a stress, the effects of working with VDUs, and most recently smoking, than merely physical hazards.

Large companies especially are becoming increasingly aware of the importance of developed health and safety policies for staff, which extend beyond the odd poster warning against slippery surfaces.

Health care packages are now an important part of the overall renumeration package for skilled workers. This is partly because company's are keen to ensure their key workers get back to work as quickly as possible after illness.

But it also reflects the growing demand for health care from employees. The very obvious public furore about the future of the national health service finds a more muted echo in rising staff expectations of company health care policies.

Thus, an advertisement attracting companies to invest in Swindon, Berkshire, highlights two young people running through open fields beneath clear skies. The environment for key skilled staff – from rural settings to smoke free offices – is vital to attracting and retaining them.

The occupational health and environment agenda is increasingly spreading to include the quality of food offered in staff canteens and the provision of fitness facilities for middle managers.

However, over the last couple of years two issues have risen to prominence: smoking and repetitive strain injury.

A recent survey in the US found that 65 per cent of companies had designated areas of their workplaces no smoking areas, with 15 per cent banning it all together.

According to Action on Smoking and Health, the smoking pressure group, calls from employers inquiring about smoking bans have risen dramatically in the last two years to about 200 a month.

Today's issues put new pressures on managements

Volvo took the opportunity of moving to a new building to introduce a smoking ban for its 630 white-collar staff. Smoking at work is now a disciplinary offence.

However, larger companies such as British Telecom have chosen to introduce a piecemeal policy. Staff can vote to designate their area non smoking if they wish.

In contrast to management at Volvo, BT has written the no-smoking clause into contracts of employment. In an initiative which is likely to spread throughout the Civil Service, the Cabinet Office has restricted smoking to designated areas away from work stations.

One factor behind company moves is the possibility of legal action against employers from former workers claiming illnesses were the result of passive smoking. ASH is hoping to take a test case soon to prove employers' potential liability on the issue of passsive smoking.

Repetitive strain injury is also very much a health issue of the modern office environment. Manual workers carrying out repetitive tasks such as packing have long been prone to RSI. But in the last few years it has spread to office staff, especially those who work at computer terminals.

Medical opinion is split on the causes of RSI. There is little doubt that it causes irritation, pain and possibly temporary paralysis in the arms and shoulders of people who suffer from it. Some medical researchers argue that trade unions have exaggerated the dangers of RSI, to press a range of unrelated claims over stress at work.

However, the mounting evidence on RSI suggests that it is not purely a product of the way people use keyboards. Posture, seating, lighting, pressure and stress can all contribute to it. Though the aches and pains of RSI often start in the fingertips, they seem to be caused by much more comprehensive problems about how people work.

The emergence of these different health risks at work makes the task of management all the more difficult. Introducing a smoking-ban is a tricky political exercise, which can provoke strong responses on the one hand from people who feel their health may be threatened and on the other from people who feel their individual rights may be under threat.

Similarly, designing a new office to avoid RSI will probably involve not merely expert advice but also consultations with staff. Thus, the extension of the health agenda at work, out of the narrow confines of the 1970s, and into the wider issues to do with the work environment will put new pressures on management.

Managers will probably have to respond to a wider more complex set of issues. They will also face more assertive demands from employees and develop policy in a more open, participative way if they are to create work environments hich will satisfy more assertive staff.

Charles Leadbeater

Growing awareness of the need for good office planning

Keys to greater office productivity

Example of a well-integrated office modern office: the Rank Xerox international headquarters at Marlow, Buckinghamshire – an advanced environment, built to adapt to change. It is the focal point of a £2bn business, involving nearly 30 marketing subsidiaries.

OFFICE LIFE presents many paradoxes. Collaboration between people should be encouraged, but not at the expense of thwarting individual effort. Managers should remain accessible, but still be given conditions where they can carry out concentrated work without too much distraction.

Today's planners generally agree that conditions of total privacy should be achieved for the few individuals who require them, but without completely separating senior staff from other members of their group.

Furthermore, staff they need to be given a clear say in the layout of their own workplace, without compromising the effectiveness of group layouts.

'The challenge is to properly facilitate frequently-changing internal arrangements'

According to Mr Terry Trickett, principal of Trickett Associates Interiors in London, architects and designers have often missed the crucial connections that need to be made between job design and the provision of appropriate working environments. They have focussed too much on building and furnishing elements.

He argues that the new management philosophies currently being embraced by today's organisations have not as yet generated appropriate forms of physical expression.

Compared to a hospital or theatre, designing office buildings is not particularly complex. The challenge lies not so much in producing an effective long-term building enclosure, but more in facilitating frequently changing, comparatively short-term internal arrangements.

Incoming tenants frequently find they need to carry out costly refitting exercises which involve making fundamental changes to internal services and finishes provided by the original developer.

"Unfortunately, much advice that is provided on the subject of office change and 'office planning' is superficial and insufficiently impartial," says Mr Trickett.

Today, facilities managers must examine the office workplace in the context of integrated individual workstations. Companies need to pay particular attention to work surfaces and seating, computer related furniture systems, screens and partitioning systems, storage and cable management systems.

The integration of these elements today takes place haphazardly, and usually from the point of departure of one specific discipline. The computer industry provides the most formal methods of development for integration, but again with a specific orientation towards computer products and from the point of view of IT suppliers.

In December 1984, the European Community embarked on a project to address Human Factors in Information Technology (HUFIT) as part of its European Strategic Programme of Research and development in Information Technology (Esprit), the Esprit 1 Office Systems programme.

The project will be completed in this November and a key objective is to provide products which are more closely matched to the tasks, needs and characteristics of users.

The industrial partners in the project include Bull in France, ICL in the UK, Olivetti in Italy, Philips in the Netherlands, and Siemens in Germany.

Two European "academic centres of excellence" are responsible for the organisation of the project – the Fraunhofer Institut fur Arbeitswitschaft und Organisation in Germany as prime contractor, and the HUSAT Research Centre in the UK.

The project is split into three areas. The primary purpose of the first is to ensure that by providing appropriate human factors inputs during the product design process, usable IT products will ensue.

The second area seeks to provide theoretical and empirical knowledge about basic interaction modes, like direct graphic manipulation, natural and formal languages and so on, for application in products with integrated human-computer interfaces.

The third aims to raise the level of awareness, knowledge and practice of human factors in the European IT industry.

A HUFIT toolset is being developed in collaboration with users to encourage user-centred product design. A primer, Quick Ergonomic Design (QED) gives an overview of human factors and provides an introduction to the other tools, which cover design, documentation, and human factors evaluation. The HUFIT project and its component tools were covered in detail by HUSAT staff at the Ergonomic Society's 1989 annual conference, held in Reading in April.

The benefits of such programmes on users may take some years to manifest themselves. Meanwhile, there is no shortage of proprietary solutions from niche suppliers all offering different methods and products for integration.

In the approach to the wider European market in 1992, Kathy Tilney, of the Tilney Lumsden Shane design group, predicts "a greater flexibility in office design and layouts as a result of the increased variety of products now being targeted to the European market – the 'corporate' mould of the American-style office is being shaken off and there will be a greater opportunity for individual companies to develop their own identities."

What environments do office-users expect? A survey entitled "The office now and in the future," carried out by Audience Selection, on behalf of Asher Systems Furniture, polled opinions from 51 architects, 52 design companies and 100 end-users, made up of senior personal assistants and office managers.

The integration of equipment is often haphazard

The largest sample (22 per cent) comprised companies in the £1m to £5m turnover bracket. The questionaire was divided into four areas: attitudes towards working in an office, the office environment, office design improvement, and the office of the future.

On the subject of chairs and worksurfaces which are beneficial to posture, almost everyone (97 per cent) thought this was "important." Desks with effective cable management systems are regarded as "essential" by 79 per cent.

Three-quarters – architects and designers in particular – believe a restful colour scheme to be essential, while 65 per cent are keen on plants and pictures in the office. However, the survey revealed that 64 per cent do not like open plan offices.

Storage space can be the cause of many office problems and 59 per cent said they thought plenty of storage space was very important, with architects feeling this most strongly (71 per cent). Only 55 per cent rated as important the use of screens with overhead storage space, although 40 per cent of end-users said they would like them.

The top three areas identified for improvement were lighting, heating/ventilation and noise levels. There still appears to be room for improvement in office chair manufacture with 48 per cent wanting them to be more posture-adjustable.

Office desks and worksurfaces do not come up to standard either, with over a third thinking they could be made more comfortable.

As with most facets of modern life, the occupation of offices is hedged around with a vast amount of legislation.

Specific Acts, such as the Offices Shops and Railway Premises Act (Osrpa), are rather vague, according to Mr Jack Horsnell, author of the NKR's Guide to Moving Office.

On lighting, for example, Osrpa merely states that "suitable and efficient lighting" must be provided, although bye-laws are usually more specific, particularly in London.

Given these sentiments, it remains to be seen whether market forces or legislation, or both, will drive forward improvements in the office environment.

Boris Sedacca

Higher quality demanded in US offices

Shame of the empty towers

DESPITE rock bottom rents, empty office buildings shame the central business districts of many North American cities.

Late last year, Coldwell Banker, US national real estate advisers said that 16.3 per cent of downtown office space in 46 US and Canadian cities was vacant. The vacancy level ranged from 34 per cent in Austin, Texas to less than 7 per cent in Toronto.

By contrast, Jones Lang Wootton recently said that in the West End of London only 1.7 per cent of offices were empty.

Other American analysts give similar figures, although differences in definitions shade the figures. There are so many "see-through" towers because, until the Tax Reform Act of 1986, developers were driven by generous incentives which enabled some losses and interest on debts to be written down.

Banks threw money at real estate people, many of whom were unschooled in the business, which has always been sophisticated and difficult to do well. To some, building a gleaming office tower named after themselves was akin to having a movie star as a mistress.

Despite the lessons learned in the mid-1970s depression, the enormous spate of office building in the early 1980s has meant that most downtown construction has stopped.

It is impossible to generalise about America because of the vastness of the place, but examples from some cities which have succeeded in climbing out of a hole have one common denominator: few of the best-located, highest-quality buildings – quite breathtaking by European standards – have gone to the wall.

Also, where the city fathers have taken a strong stand in controlling development and design standards, sellers' markets predominate.

Of all places, Houston has probably suffered most from overbuilding and failing banks and savings and loans, tempted into the commercial property scene, once awash with oil money. Some of the buildings are now so-called "junk-space," built free from zoning controls, and will never be let. Others are on the market for less than half their replacement cost.

But, in the last 12 months, Houston has undergone a revival which many analysts say is the first sign of the emergence of Texas, which has resources and potential which some day may challenge those of California. The best developments still attract tenants by offering buildings of a new generation. Although the days of rent-free years and similar concessions are over, $13 (£7.60) per sq ft is an average annual rent in a downtown Houston office tower.

Two internationally admired and innovative developers, Gerald Hines in Houston and Trammell Crow in Dallas, have set the trend.

Hines started full-time property development in 1957 and in the intervening years he has built more than 78m sq ft in 384 projects in 34 cities in the US, Canada and Mexico.

Trained as a mechanical engineer, Hines is famous for employing some of the world's top architects such as Skidmore Owing & Merrill, Philip Johnson and I.M. Pei, and for his Galleria concept – a combination of high class shopping malls, hotels, offices and restaurants around an indoor skating rink – now copied worldwide.

Late last year, he told me that he still oversees many of the details of the schemes himself. His meticulous engineer's eye saves money by taking an inch or so off a ceiling height to reduce air-conditioning costs; adds value by changing the configuration of towers to give more corner offices, but always insists on high quality.

Texas Commerce Tower in Houston, for example, is faced in granite which was bought in Vermont, sent to Montreal by road, shipped to Italy for cutting and polishing before being brought back and fixed to the building. This exercise is reputed to have saved $2m – yet Hines has extended the cladding to places which will hardly ever be seen.

He admits to "not getting a return on every dollar" and believes genuinely that by driving up the standards of US office buildings by example, he has improved working conditions for millions of people.

A reputation for fair play and a commitment to managing all his buildings after completion attracts tenants and investment partners alike.

Trammell Crow, now in his late 70s, started his development company in 1948. His new wife had inherited $1m from her family's grain company. Part of the legacy was a warehouse in downtown Dallas, which Crow sublet as his first property deal.

Some unlet office buildings are referred to as 'junk space'

He then started to build warehouses – not the traditional brick or clapboard boxes – but set behind smart fronts in landscaped grounds. Immediately popular, this concept was the forerunner of the modern business park.

Then, in 1954, he built the Dallas Furniture Mart, again a trailblazer concept, with a bright public atrium, planting and framed pictures, many of which were original.

Now reputed to have a personal fortune of more than $600m, Crow says he sticks to his old philosophy – "greed is not good business" and "you should always do right by people."

His own Dallas office building is close to the epitome of quality. Although wrongly accused of having an oil-based economy (only 2 per cent of employment is in that sector) Dallas's recovery is running only a little behind that of its great rival Houston.

The 50-storey Trammell Crow building at 2001 Ross Avenue offers so-called Grade-A space (an accolade afforded in Dallas only to top buildings less than 20 years old) in a cruciform plan and with faceted sides clad with granite enclosing 1.12m sq ft of space.

Hidden outside the building in landscaped gardens there are 64 waterproof loudspeakers (which each cost $350) controlled by a resident sound engineer who used to work for the Rolling Stones.

Apart from playing lively music and bird song in the morning to get workers in the mood, the engineer sends them home relaxed by dreamy tunes interspersed by the sound of running water.

The public parts of the building are adorned by $5m worth of art, including five original Rodin sculptures. There is a bakery, nicely placed to greet secretaries with the smell of fresh bread; a flower shop in a lobby which has the concession to supply exotic displays near the lifts with some of the plants flown in from Africa; the lifts themselves are brass lined, with panelling nearby taken from a single log of Buinja hardwood from the Ivory Coast; the floors are of Calacatta marble from the same quarry that Michelangelo used for his David statue.

It goes on – an exhibition on the site in 1987 featured a locomotive flown in from Scotland by a specially-adapted jumbo jet.

Mr Michael Morris of Hanscombe Associates, a chartered surveyor with extensive experience in project management in North America, says these features have to be put into perspective. The concept of "shell and core" is common there. In other words, the tenants take over unfinished office suites with very modest amounts given to them by the landlord for providing their own partitions, lighting fittings and the like.

In Boston, by contrast, quality is imposed by the authorities, not demand led. Since 1957 the Boston Redevelopment Authority has kept developers firmly under control and started with cleaning up the seedy downtown "adult entertainment" district.

These days not only are historic buildings sacrosanct but office developments are controlled deliberately to keep vacancy down and manage growth.

Modern buildings have to fit in and often cannot be constructed without "linkage" – homes for the workers in the suburbs with bus links, for example, and in one recent case the construction of a fire station.

The drab 1960s and 1970s blocks sit uneasily next to the new generation of buildings like 75 State Street, adorned with gold leaf. The formula obviously works, although developers may be frustrated. Boston's vacancy rate at between 8-9 per cent is the lowest in the US.

Similar controls work in Philadelphia where the "Plan for Center City" will begin to bite soon, but which also attracts the right kind of developers by relaxing height limits (traditionally 491 ft – the level of the statue atop City Hall) and tax concessions with no threats of linkage.

Washington is being transformed as curtain walling is being replaced by "traditional" stone claddings. As American cities vie with each other to attract business, high quality of the buildings is the key.

Richard Catt

Chicago rumours point to rise in Soviet grain limit

By Nancy Dunne in Washington and James Abbott in Chicago

US and Soviet officials were yesterday remaining silent about the progress of grain sales talks in Washington, but rumours sweeping the Chicago futures markets indicated that at the very least the US has agreed to raise the 20m tonne limit on Soviet purchases.

Old crop maize prices (May futures contracts) moved strongly upwards, boosted by the rumours of large Soviet maize purchases. Expectations of an announcement from the US Department of Agriculture buoyed the market, pushing old crop maize prices up more than 2.5 cents a bushel in early trading.

"The Russians are said to be buying, and these rumours are largely believed to be true," said Mr Vic Lespinasse, a trader with Dean Witter Reynolds in Chicago. He said that Soviet maize purchases were thought to be in the 1.5m to 2m tonne range for May to July shipment.

Cargill was said to be buying heavily, supposedly to cover part of the sale.

Under the long term grain agreement between the US and the Soviet Union, Moscow can buy up to 20m tonnes of grain without negotiating permission to buy more. That limit is close to being reached with reported sales now including almost 13m tonnes of maize; 4m tonnes of wheat; 507m of sorghum; 450m of soyabeans; and 1.4m tonnes of soyabean meal.

In the grain talks, Moscow was reportedly seeking to extend the level of purchases to at least 24m tonnes and hoping for an offer of 1.5m tonnes of subsidised wheat.

Controversy continued to swirl around the Export Enhancement Programme, under which subsidies could be offered. A House Agriculture Committee yesterday held hearings to investigate the status of the programme.

The US Agriculture Department has denied reports that the programme has been suspended out of concern for low wheat stocks. Senator Patrick Leahy, chairman of the Senate Agriculture Committee, has written to Mr Richard Darman, director of the Office of Management and the Budget, to complain of the "apparent suspension" of new initiatives, and asking why there have been no recent subsidies offered for the sale of vegetable oil, rice and broilers.

EC 'living in fool's paradise' over cereals

By Bridget Bloom, Agriculture Correspondent

THE European Community is living in a fool's paradise, deluding itself that it has its cereal sector under sound financial control.

According to a new report by Agra Europe, the independent European agricultural information agency, current EC cereal policy is likely to lead to unacceptable financial costs in the next five years for which the only solutions would be swingeing reductions in farm-gate prices or some form of quotas on production.

Agra Europe believes that the reforms introduced by the EC over the last year to try to curb cereal production and thus spending on the sector have worked so far only because of the higher cereal prices caused by last year's US drought. Rising world market prices have meant lower EC bills for export subsidies, thus keeping the cereals budget well within the guidelines set for it.

However, although the so-called budget stabiliser for cereals, which links price reductions to production thresholds, will keep production within certain bounds over the next few years, an 11 per cent rise between now and 1995 is still forecast.

This is because the stabiliser measures will force marginal producers out of cereals but will not harm the larger efficient farmers who account for 80 per cent of the EC's cereal production and can still make substantial profits even at somewhat lowered EC domestic prices.

Given the "remorseless" productivity increase of 2-3 per cent a year, by 1995 the EC's harvest will be some 184-5m tonnes, or nearly 20m tonnes more than last year's.

Agra Europe estimates that the overall cost to the EC of such an increase, in storage, domestic and export subsidy costs, would by 10 per cent a year. This could push spending on cereals up by some Ecu3.5bn, against total cost of the sector last year of some Ecu4.

Such spending will prove politically unacceptable and will force the EC to look for other means of controlling output. Although there are difficulties with quotas on cereals, a two tier system might be devised where farmers would be allowed to sell a certain quantity on the domestic market with surpluses being exported at world prices.

"The choice really lies between a swingeing once-for-all price cut of 25-30 per cent or some form of quota," Agra Europe concludes.

Agra-Briefing No 21. £35-£40 from Agra Europe, 25 Frant Road, Tunbridge Wells, Kent.

Food price rises hit developing nations

By John Empson

DEVELOPING countries which need to import food are suffering from both rising prices and a reduction in the amount available in direct aid.

In the case of grains, this is primarily the result of last year's North American drought. But the success of both the US and the EC in trimming milk production has exacerbated the developing countries' problems.

The United Nations Food and Agricultural Organisation estimates that 9.8m tonnes of cereals will be available for aid shipment this year, compared with 13.2m last year. This is below the 10m tonnes minimum target established by the World Food Conference in 1974 and, according to the FAO, is the lowest level for five years.

Donations from the US – the largest contributor of cereal aid – are largely determined by budgetary allocations. Higher prices have cut the total from 7.9m tonnes in 1987-88 to an estimated 5.5m tonnes this year.

Imports of the developing countries of about 115m tonnes of cereals form a little over 10 per cent of their total supply. Food aid is mainly specifically directed at the poorer countries. Those hardest hit are, in the official parlance, the "low income food deficit countries." The proportion of their imports covered by food aid has fallen from 22 per cent in 1986-87 to 14 per cent, the FAO says.

A group from the International Dairy Federation, meeting with dairy specialists of FAO, GATT and OECD in Rome last week, concluded that the availability of skim milk powder as food aid, which amounted to 350,000 tonnes at its peak in 1986, was unlikely to reach much more than 100,000 tonnes this year.

The World Food Programme, the leading international agency in this area, estimate their need at 52,000 tonnes of skim milk powder this year with an expected availability of 38,000 tonnes. The US has disappeared from their list of dairy donors and they expect a greater problem next year.

Imports of dairy products are relatively more important to developing countries than imports of grains.

Canada clashes over fish, beef, furs

By Gordon Pitts

FISH, beef and furs are straining relations between Canada and the European Community.

There is no sign of resolution in two long-running disputes between Canada and the EC – over levels of fishing in the North Atlantic, and Canadian countervailing import duties on EC beef exports.

Only on furs – specifically, the European protest over the use of leghold traps to catch fur-bearing animals – are the two approaching some common ground.

Most damaging to bilateral relations is the quarrel over fishing quotas in the area just outside Canada's 200-mile economic zone that is administered by the North Atlantic Fisheries Organisation. Canada and the EC are among the 16 NAFO members.

Canada says ships from EC countries are overfishing in NAFO waters, putting pressure on precarious stocks. The community maintains it is following an alternative conservation approach that takes into account socio-economic realities – namely, the overcapacity of its fishing fleets.

The issue flared up in January when Canadian scientists released preliminary evidence that cod stocks within the 200-mile zone were much smaller than expected.

Each year, NAFO sets a recommended limit of total allowable catches for various species, including cod, plaice, and redfish. For the past four years, the EC has objected to these levels, setting its own quotas at up to 10 times NAFO recommendations.

Canada and NAFO take a conservation approach, which would allow some moderate growth in stocks. But the EC has advocated fishing at the maximum level which would allow no decline in stocks but no growth.

Canadian officials say because scientific evidence on fishing stocks is incomplete, fishing at the maximum level could threaten species without anyone being aware.

Mr Raymond Simmonet, director in the EC's fisheries directorate-general, says the community would be willing to negotiate a position between the two levels, permitting slow rebuilding of stock with minimum hardship to fishermen.

He says the EC needs four to five years to restructure its industry, particularly in coastal areas of Spain and Portugal that rely heavily on fishing for employment.

Mr Simmonet says Canada refuses to negotiate the quota levels – and other NAFO members toe the line for fear of being denied access to Canadian waters.

The EC also objects to Canada's sole management of a large cod stock that is largely within its 200-mile zone. The community maintains that up to 20 per cent of the cod swim in international waters, and management must be shared.

There is also a stalemate on beef. Canada indicated a year ago that it would respond to a General Agreement on Tariffs and Trade panel ruling against its countervailing duty on EC beef, but it has taken no action.

The dispute extends back to 1984 when EC exports of processed beef to Canada leaped in value to $55m from an average of $3m the four previous years.

Canadian cattlemen complained that export subsidies were responsible, and that their industry was being injured. The Import Tribunal of Canada ruled there was threat of injury, and Ottawa imposed a countervailing duty.

The EC took the matter to GATT, winning a September, 1987, panel decision on the point that the cattlemen did not have the right to represent the processed meat industry.

Canada has not accepted the panel ruling and retains the countervailing duty. The EC is pressing for a negotiated level of beef exports.

On the fur issue, the European Commission plans on legislation this year to combat cruel methods of trapping, including leghold traps. About $90m in Canadian fur exports could be affected.

The legislation may require a label on offending furs, indicating that animals are commonly caught in leghold traps.

Opec output decision delayed

GULF oil states yesterday delayed deciding whether Opec's output ceiling should be raised because of uncertainty over demand and disagreement on quotas, Reuter reports from Abu Dhabi.

As Saudi Arabia's King Fahd made clear on Wednesday, one oil industry executive said: "Opec should decide on a ceiling increase if demand warrants, so Gulf states . . . have decided to wait until June."

Oil ministers of six Gulf Co-operation Council (GCC) states met in Jeddah on Wednesday and early yesterday to unify stands on a proposed rise in Opec's output ceiling, but the talks ended without a publicly stated stand on the issue.

The GCC links Opec members Saudi Arabia, Kuwait, the United Arab Emirates and Qatar with non-Opec Oman and Bahrain.

Oil markets were anxiously awaiting the outcome of the meeting as it would have given clues to output patterns for the rest of the year.

Honduran forestry lumbers into crisis

David Pickles studies the decline of the country's main natural resource

HONDURAN forestry faces growing US and Latin American competition in its traditional Caribbean market, while the decline in pine stocks and surging domestic construction demand are squeezing export supply.

Against this background, the industry is undergoing a major shake-up. The state forestry corporation, COHDEFOR, has pulled out of exports, and its sawmills are being privatised in a programme sponsored by the US Agency for International Development (AID).

COHDEFOR's new emphasis, under its director, Mr Jose Segovia, is the development of management systems to sustain Honduras's pine and broadleaf forests. The forest area has fallen from 7.4m hectares in 1974 to 4.5m today.

The annual net rate of loss is almost 2 per cent. The main problems are the use of pine for firewood by peasants in the central zone, and slash and burn agriculture on the broadleaf forest margins in the lowlying east and north, where the destruction rate is highest. But critics fear that increased autonomy for the private sawmills will exacerbate the problem.

Timber is mountainous Honduras's main natural resource, with 63 per cent of the land surface suited to forestry. The pine forests in the central uplands (40 per cent of the total forest cover) represent the centre of commercial activity. Only 3 per cent of output comes from tropical hardwoods (mahogany, walnut and cedar).

Output has fallen heavily over the past 15 years. Some critics relate this to the establishment of COHDEFOR in 1974, which was bitterly resisted by sawmill owners. The corporation was a response to public outcry at the exploitation of the forest by sawmill owners and peasants alike. Trees were nationalised (though not the land they stood on) with cutting subject to licence.

The corporation also had a monopoly of the lucrative export of sawn wood (its main source of income), and set up giant sawmills in Olancho (Corfino), Yoro (FIAFSA) and Siguatepeque (Casisa).

Between 1977 and 1985, the corporation's investment programme absorbed 10 per cent of the increase in Honduran public sector debt – $240m.

Corruption and inefficiency were rife. Now, the loss-making sawmills are being sold off. FIAFSA has already gone, with the loss of $12.5m on book capital of $15m. Casisa is being auctioned with the expected loss of $7m of its $7.5m capital.

The future of the Corfino paper factory project remains in the balance. The InterAmerican Development Bank which sank over $40m into the first stage, a giant sawmill, is pressing for a rescue package. But the governments, backed by AID, will not put up any more money. It looks increasingly likely that the mill – with capacity for 50 per cent of total national production, and 80 per cent idle – will be sold.

One sad consequence of this restructuring is that Honduran forestry is reverting to its oldest technology. Modern band saws (which waste only 15 per cent of wood compared with 45 per cent for circular saws) make up 65 per cent of capacity in Honduras's 120 sawmills – but only 32 per cent in the 100 mills still working. It's a double irony that the machines may be sold at minimal prices to competitors like Venezuela, while COHDEFOR continues to groan under the debt contracted to buy them.

The corporation's dismal commercial and industrial record notwithstanding, the basic cause of falling output is depleted stocks of exploitable forest. In this sense, the most damaging consequence of the COHDEFOR's other activities was that it distracted attention from forestry management.

Now sawmills have been given exclusive tributary areas in the hope they will respond with more rational exploitation. Cutting quotas are no longer needed for trees they planted themselves. However, Mr Rigoberto Neza, of the Honduran Ecology Association, complains that quotas are being generally ignored, and the corporation is not ensuring that the sawmills establish the management plans stipulated in the tributary area agreements.

According to Mr Rafael Alegria, of the rural workers organisation CNTC, which includes most of Honduras's forest co-operatives: "Tributary areas amount to no more than the privatisation of the forest."

Stumpage fees (the charge for cutting down trees) are also being reformed. The present rate is $6 a cubic metre – a quarter of US levels. In future, it will rise, and will be levied on the potential output of forest stands, rather than the actual cut, to stimulate more efficient use. The new system is being piloted with AID support in Olancho.

There's also an attempt to involve forest communities in the management and preservation of the forests, through Norwegian-style integrated management areas. Foresters are sent to help develop small-scale forest production and promote fire control and reseeding.

It remains to be seen if these initiatives are enough to halt the destruction of forest and to reverse the long term decline in output and exports. Production fell from 260m board feet in 1977 to 165m in 1986. There was a limited recovery to 159m in 1987 and 188m in 1988.

Exports have been squeezed by rising domestic demand, generated by a construction boom. In 1988, only 39 per cent of output was exported, compared with 50 per cent in 1980.

Sawn wood exports fell from 189m board feet in 1977 to 155m in 1980 and 73.7m in 1988. But rising prices sustained export values at $35m in 1987, equivalent to 4.4 per cent of total Honduran exports.

Wood exports were privatised in 1985, though COHDEFOR still charges a 14 per cent levy on softwood and 18 per cent on hardwood. The aim of privatisation is to improve product quality and delivery times, allowing Honduras to defend its share of the increasingly competitive Caribbean pine market against the southern US and the low-cost Chileans.

Caribbean sales are down from 75 per cent of total exports in 1983 to 65 per cent in 1988. (European sales were 23 per cent and 12 per cent went to Latin America). In the Dominican Republic, regulations are blocking most Honduran exports. In Jamaica, there's a shift towards US southern pine to take advantage of three new US export credits. And Trinidad and Tobago, hit by foreign exchange shortages, is also looking for credit packages which Honduras is ill-placed to offer.

Honduras's response is to look to the smaller islands (Barbados, Guadelupe, Martinique) and to try to increase the output of treated wood, which is in increasing demand.

In the long run, Honduras needs to look to increased value added rather than to increased volume. Manufactured wood exports (of which 80 per cent go to the US) include broom handles, tomato sticks, furniture, plywood, and door and window frames.

But in 1987 manufactured exports were worth just $10m – down from $28m in 1980, probably because of the overvaluation of the lempira. This may be reversed by new export incentives, including foreign exchange certificates which amount to a 30 per cent devaluation.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices continued Wednesday's decline, with July falling as low as £735 during trading yesterday before closing at £742 a tonne. The market remains nervous against a background of physical oversupply. Some sectors of the market believe that with a recent improvement in weather conditions for crops in Brazil and West Africa, a downside target of £700 cannot be ruled out. Coffee prices were also down as some dealers liquidated long positions amid fears that the market could drop sharply if the Brazilian docks strike was resolved. On the LME base metals prices were generally firmer. Aluminium rose in response to the potential disruption of South American supplies – a general strike is threatened in Venezuela.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.10-7.25q	-.075
Brent Blend	$19.75-9.85z	-0.05
W.T.I. (1 pm est)	$20.97-1.02q	-0.06

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$294-296	
Gas Oil	$155-157	-3
Heavy Fuel Oil	$91-95	-5.5
Naphtha	$179-181	-6
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$384.25	+0.25
Silver (per troy oz)♣	577c	-1
Platinum (per troy oz)	$549	+1
Palladium (per troy oz)	$167.00	-1.85
Aluminium (free market)	$2225	+20
Copper (US Producer)	144⅝-148c	-⅝
Lead (US Producer)	37.5c	
Nickel (free market)	690c	+20
Tin (European free market)	$10725	+80
Tin (Kuala Lumpur market)	28.23r	-0.03
Tin (New York)	489.00c	+3.25
Zinc (US Prime Western)	87⅞c	
Cattle (live weight)†	121.90p	+2.38*
Sheep (dead weight)†	266.63p	+15.4*
Pigs (live weight)†	87.37p	+2.53*
London daily sugar (raw)	$298.6u	-8.4
London daily sugar (white)	$339.5u	-1.0
Tate and Lyle export price	£287.5	-5.0
Barley (English feed)	£104.25w	+0.25
Maize (US No. 3 yellow)	£134	
Wheat (US Dark Northern)	£126.25x	+0.50
Rubber (spot)♥	57.75p	-0.25
Rubber (Jun)♥	66.00p	-0.50
Rubber (Jul)♥	67.25p	+0.50
Rubber (KL RSS No 1 May)	294m	-2
Coconut oil (Philippines)§	$565u	+5
Palm Oil (Malaysian)§	$410	
Copra (Philippines)§	$352.5	+2.5
Soyabeans (US)	£202.0x	+2.5
Cotton "A" index	74.65c	-0.35
Wooltops (64s Super)	620p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/Jun. u-May/Jun. q-Jun. s-Apr/May. w-Aug. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	722	727	726 719
Jul	742	746	745 735
Sep	758	760	760 751
Dec	800	802	801 792
Mar	790	797	796 787
May	794	800	795 787
Jul	812	811	809 803

Turnover: 10853 (11159) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 26: 959.89 (981.27): 10 day average for Apr 27: 983.36 (984.92)

COFFEE £/tonne

	Close	Previous	High/Low
May	1178	1189	1189 1170
Jly	1127	1138	1140 1121
Sep	1070	1093	1096 1078
Nov	1066	1069	1074 1058
Jan	1060	1066	1069 1045
Mar	1048	1060	
May	1050	1060	1060 1053

Turnover: 6945 (5901) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 26: Comp. daily 120.08 (119.94). 15 day average 118.01 (117.75)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
May	264.60	267.00	269.00 264.00
Aug	268.80	269.00	272.40 267.40
Oct	268.20	269.00	272.20 267.80
Dec	269.00	269.00	265.00
Mar	261.80	262.00	262.00

White	Close	Previous	High/Low
Aug	334.00	333.00	337.00 332.00
Oct	326.00	323.00	329.00 320.00
Dec	318.00	320.00	
Mar	310.00	312.00	312.00 308.00

Turnover: Raw 4800 (6956) lots of 50 tonnes. White 812 (420).
Paris- White (FFr per tonne): Aug 2135, Oct 2058, Dec 2000, Mar 1980, May 1980, Aug 1955.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jun	19.00	19.34	19.20 18.93
Jul	17.94	18.29	18.15 17.89
Aug	17.22	17.59	17.38 17.22
IPE Index	19.51	19.27	

Turnover: 8036 (6059)

GAS OIL $/tonne

	Close	Previous	High/Low
May	153.25	155.50	154.50 152.50
Jun	149.00	151.50	150.50 148.50
Jul	147.50	150.75	148.50 146.75
Aug	148.00	150.25	148.00 147.25
Sep	149.50	151.75	
Oct	150.75	153.25	152.25
Nov	152.00	154.00	154.00 150.00
Dec	154.50	158.50	154.50 153.00

Turnover 7137 (6328) lots of 100 tonnes

FRUIT AND VEGETABLES
White and pink-fleshed grapefruit is the week's best buy at 10-35p each, reports FFVIB. New Zealand Cox's are 50-60p a lb and Chilean Granny Smiths are 30-45p. Spanish strawberries are 45-75p a ½lb and Cape grapes are 60-90p. Homegrown spring cabbage is terrific at 15-25p, while cauliflowers are slightly shorter at 30-75p. Calabrese is 50-90p a lb, homegrown onions 14-20p. Jersey Royal new potatoes are down to 85p-£1.30. Spanish iceberg lettuce are 60p-£1.00 each. British and Dutch tomatoes are 60-90p a lb and cucumbers remain stable at 50-90p each. Celery is 50-65p a head, Chinese leaves 75p-£1.00.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 17,225 tonne
Cash	2275-85	2220-30		2223-5		
3 months	2168-70	2130-5	2170/2125	2130-2	2155-60	32,918 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,700 tonne
Cash	1836-8	1816-8	1832/1830	1830-2		
3 months	1794-5	1774-5	1794/1779	1788-9	1791-2	72,240 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	573-5	574-7		572-4		
30 June	581-3	584-7		580-2		350 lots
Lead (£ per tonne)						Ring turnover 5,300 tonne
Cash	367-8	367-9	367	367-7.5		
3 months	367-7.5	367-7.5	369/367	368-9	367-8	9,722 lots
Nickel ($ per tonne)						Ring turnover 778 tonne
Cash	15550-600	15250-350	15600/15300	15350-450		
3 months	15200-50	15100-50	15250/15050	15000-50	15200-50	7,499 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 4,600 tonne
Cash	1695-705	1635-40	1690	1685-90		
3 months	1655-60	1611-20	1660/1645	1650-5	1660-60	10,300 lots
Zinc ($ per tonne)						Ring turnover 6,575 tonne
Cash	1665-75	1615-20		1665-75		
3 months	1605-15	1558-60	1610/1575	1600-5	1600-5	12,363 lots

POTATOES £/tonne

	Close	Previous	High/Low
May	134.0	135.0	134.0 131.0
Nov	91.5	91.5	
Feb	100.0	100.0	
Apr	137.2	137.8	137.5 136.5

Turnover 125 (130) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	157.50	157.00	157.00
Aug	152.00	152.00	152.00
Oct	151.00	151.00	

Turnover 320 (234) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1625	1625	1625 1620
May	1639	1628	1639 1625
Jul	1427	1400	1427 1405
Oct	1520	1490	1527 1500
Jan	1546	1528	1550 1535
Apr	1579	1575	1577 1575
BFI	1624	1622	

Turnover 687 (310)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	116.60	117.50	117.50 116.60
Jun	118.40	119.40	119.35 118.40
Sep	105.10	105.30	105.45 105.10
Nov	107.55	107.75	107.80 107.55

Barley	Close	Previous	High/Low
May	108.15	108.40	108.50 108.15
Sep	103.10	103.00	103.25 103.10
Nov	106.10	106.00	106.10
Jan	109.15	109.15	109.30 109.15

Turnover: Wheat 150 (365), Barley 28 (101). Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	108.0	107.5	
Aug	108.0	105.0	105.5
Oct	110.0	109.0	109.5
Nov	111.0	110.3	110.5
Feb	106.5	105.4	106.0

Turnover 19 (16) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	384-384½	227-227½
Opening	384½-385	227¼-227¾
Morning fix	384.75	227.232
Afternoon fix	384.25	226.937
Day's high	385-385½	
Day's low	383½-384	

Coins	$ price	£ equivalent
Mapleleaf	395-400	233½-236½
Britannia	395-400	233½-236½
US Eagle	395-400	233½-236½
Angel	395-400	233½-236½
Krugerrand	383-386	226½-228½
New Sov.	90-91	53¼-54
Old Sov.	90-91	53¼-54
Noble Plat	552.25-561.5	326.2-331.85

Silver fix	p/fine oz	US cts equiv
Spot	340.50	576.25
3 months	351.45	590.55
6 months	362.55	605.40
12 months	385.10	636.45

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
2150	143	167	2	72
2250	60	114	18	117
2350	14	74	72	175

Copper (Grade A)	Calls		Puts	
2900	211	203		78
3100	47	103	35	174
3300	2	46	189	313

LONDON FOX TRADED OPTIONS

Sugar No. 6	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
270	15.85	25.95	16.85	28.95
280	12.45	23.05	23.45	34.05
290	9.85	26.65	30.85	41.65

Coffee	Jul	Sep	Jul	Sep
1100	55	47	29	68
1150	32	30	56	101
1200	18	18	92	139

Cocoa	Jul	Sep	Jul	Sep
700	53	45	11	17
750	24	24	32	37
800	8	12	66	66

US MARKETS

IN THE METALS, silver futures fell over 11 cents as the days most active metal, reports Drexel Burnham Lambert. Spillover selling forced gold and platinum down as well. Copper trading was featureless. In the softs, cocoa prices were lower on mixed trade activity. Coffee futures lost 97 basis May asrumors of a partial settlement in the dock strike weighed on the market. Sugar trading was quiet with prices closing a bit lower. News of no deep discussions sank the soy complex and wheat markets. Corn gained 3 cents basis May as Soviet tender business provided support. The livestocks featured higher hog prices as a seasonal decline in hog runs is expected. Pork bellies were lower due to large slaughter and lower cash prices. Live cattle rose in light trading. The energy markets had only moderate volume with prices down in most markets. June crude oil stayed below the 21 dollar level for most of the day. Carrover selling in cotton kept prices down again.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	383.3	385.4	384.3	384.3
Jun	386.1	388.2	388.4	386.0
Aug	390.3	392.6	392.6	390.0
Oct	395.3	397.6	0	0
Dec	400.4	403.0	402.2	400.0
Feb	405.5	408.2	407.0	407.0
Apr	385.3	385.7	386.2	384.8
Jun	415.9	418.9	418.7	418.7

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	552.2	557.3	557.0	551.5
Oct	560.2	555.3	554.5	551.5
Jan	550.2	555.3	555.5	552.5
Apr	552.2	557.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	564.5	576.3	577.0	561.0
Jun	569.5	581.6	0	0
Jul	575.0	587.4	588.0	575.0
Sep	585.6	598.2	599.0	588.0
Dec	600.3	613.7	615.5	602.0
Jan	605.1	618.7	0	0
Mar	615.0	628.9	630.0	626.0
May	625.2	639.3	638.0	636.0
Jul	635.5	649.9	649.9	636.0
Sep	646.2	660.9	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	138.90	139.00	140.50	138.50
Jun	136.90	137.20	137.70	137.70
Jul	135.10	135.40	137.20	134.80
Sep	129.90	130.40	131.40	130.00
Dec	124.40	124.40	125.50	124.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.97	21.18	21.20	20.72
Jul	19.39	19.53	19.48	19.20
Aug	18.54	18.69	18.63	18.36
Sep	18.04	18.14	18.07	17.86
Oct	17.65	17.78	17.70	17.58
Nov	17.40	17.53	17.46	17.40
Dec	17.20	17.33	17.25	17.18
Feb	16.90	16.99	17.04	16.90
Mar	16.78	16.87	16.82	16.78

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5110	5096	5130	5060
Jul	4875	4881	4915	4845
Aug	4905	4901	4915	4860
Sep	4950	4946	4955	4915
Oct	5015	5001	5020	4975
Nov	5050	5056	5075	5020
Dec	5125	5111	5140	5090

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
May	1223	1275	1271	1222
Jul	1200	1215	1217	1190
Sep	1206	1208	1217	1200
Dec	1213	1215	1221	1209
Mar	1214	1213	1222	1208
May	1224	1223	1228	1215
Jul	1200	1215	1217	1190
Sep	1262	1258	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	139.65	140.62	141.90	138.50
Jul	131.84	133.69	134.25	131.65
Sep	126.10	127.16	127.25	125.75
Dec	121.80	123.31	123.50	121.80
Mar	121.25	121.33	121.50	119.75
May	120.00	119.88	0	0
Jul	122.00	120.63	0	0
Sep	118.00	117.13	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.11	12.21	12.28	12.05
Jul	12.09	12.17	12.28	12.06
Oct	12.00	12.06	12.20	11.99
Jan	11.80	11.72	12.20	11.80
Mar	11.68	11.71	11.82	11.68
May	11.70	11.65	11.73	11.65
Jul	11.67	11.63	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.00	64.15	64.50	64.00
Jul	64.85	65.05	65.13	64.85
Oct	65.45	65.60	65.65	65.35
Dec	65.05	65.08	65.20	64.85
Mar	65.60	65.69	65.65	65.50
May	65.75	66.05	65.75	65.75
Jul	66.50	66.45	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	174.70	175.10	175.05	173.70
Jul	177.80	179.00	178.75	177.40
Sep	174.65	175.45	175.25	174.50
Nov	163.80	163.60	164.25	163.50
Jan	160.55	159.35	160.90	159.50
Mar	160.05	158.90	160.25	159.50
May	159.90	158.75	0	0
Jul	159.90	158.75	0	0
Sep	159.90	158.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 26	Apr 25	mnth ago	yr ago
2023.8	2026.7	2000.4	1750.8

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	137.73	137.61	136.84	128.56
Futures	138.60	139.27	138.24	132.51

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	729/4	740/4	742/0	729/0
Jul	735/0	742/0	745/4	734/0
Aug	732/4	737/6	741/0	732/0
Sep	717/6	720/2	723/0	717/0
Nov	708/6	710/4	715/0	705/0
Jan	717/6	719/0	722/0	713/0
Mar	728/0	729/0	731/0	723/4
May	734/0	733/0	735/0	726/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.72	23.15	23.22	22.70
Jul	23.36	23.80	23.82	23.34
Aug	23.63	24.07	24.03	23.63
Sep	23.89	24.30	24.25	23.81
Oct	24.05	24.40	24.38	23.98
Dec	24.32	24.65	24.70	24.30
Jan	24.46	24.76	24.85	24.46
Mar	25.05	25.05	25.05	25.05

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	223.3	225.4	226.8	223.1
Jul	221.9	223.7	225.0	221.8
Aug	219.2	220.7	222.0	219.0
Sep	216.2	217.2	218.0	216.0
Oct	212.2	213.0	213.5	211.2
Dec	211.2	211.7	212.0	210.0
Jan	210.5	211.2	211.5	210.0
Mar	210.5	211.2	210.0	211.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	268/6	265/6	269/4	267/0
Jul	270/6	268/4	271/0	269/6
Sep	263/4	262/0	264/4	262/4
Dec	262/4	261/2	263/2	260/6
Mar	269/0	267/6	269/0	267/2
May	270/0	268/6	270/2	269/0
Jul	271/4	270/4	272/4	271/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	405/0	411/0	414/0	404/0
Jul	396/6	402/4	404/0	396/0
Sep	407/2	409/4	410/6	406/0
Dec	419/2	422/2	423/4	417/4
Mar	425/6	426/2	429/0	425/0
May	417/0	419/4	418/4	415/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	70.82	70.52	70.87	70.27
Aug	67.77	67.37	67.92	67.25
Sep	68.75	68.75	0	68.25
Oct	68.97	68.97	69.05	68.60
Dec	69.97	70.17	70.20	69.70
Feb	70.60	70.75	70.75	70.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	47.07	46.77	47.20	46.40
Jul	47.87	47.47	48.00	47.30
Aug	46.47	46.15	46.55	45.70
Oct	43.12	42.77	43.15	42.65
Dec	44.85	44.77	44.95	44.50
Feb	46.17	46.35	46.20	45.90
Apr	44.95	44.90	44.95	44.70
Jun	47.40	47.40	0	42.30

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	32.37	32.65	32.66	31.40
Jul	32.12	32.77	32.90	31.37
Aug	31.62	32.30	32.50	31.10
Feb	47.22	47.77	48.10	46.60
Mar	46.50	47.25	0	46.30
May	46.00	49.00	48.35	46.00

LONDON STOCK EXCHANGE

Equities close above FT-SE 2,100

CONFIDENCE IN the improved outlook for domestic interest rates following the improved UK trade figures for March drove the UK equity market ahead again yesterday. Encouraged also by excellent quarterly results from ICI, equities burst through the important FT-SE 2,100 barrier in a strong trading session.

The market made a somewhat hesitant start but gathered pace towards mid-session when London money market rates showed a further fall and ICI exceeded all expectations with a pre-tax profit total of £442m for the opening three months of the year.

The Footsie 2,100 mark, widely regarded as an important technical level by the chart analysts, was convincingly broken, and the market later touched 2,119.8, helped by a strong opening on Wall Street.

Account Dealing Dates		
*First Dealings:		
Apr 17	May 8	May 22
Option Declarations:		
May 4	May 18	Jun 1
Last Dealings:		
May 5	May 19	Jun 2
Account Day:		
May 15	May 30	June 12

*New time dealings may take place from 9.00 am two business days earlier.

At the close, the FT-SE Index was 22.3 ahead at 2,115.7, and market strategists sounded convinced that the equity sector has moved into a new and higher trading range, for the medium term at least.

While fears of another hike in domestic base rates have receded over the past fortnight, there is still concern that corporate profits may soon begin to reflect the effects of the 13 per cent UK base rates in place since the end of November.

However, ICI's trading figures appeared unaffected by high interest rates in the UK, and provided a further spur to market confidence.

There was keen interest in many other blue chip stocks yesterday. The announcement that BP will pay dividends quarterly was considered likely to enhance the stock's attractions to US and to managers of global funds. Also in the forefront yesterday were Unilever and Glaxo.

Equity turnover, slow at first, quickly increased as share prices forged ahead. The day's Seaq volume total of 529m shares was well above averages for recent weeks although it lagged behind the 568.5m of Wednesday's and 576.8m of Tuesday's trading sessions.

The past three sessions have seen peristent, if cautious buying from the major institutions, which have picked up lines of stock when offered, but avoided chasing prices higher.

Consolidated Gold Fields jumped 37 to 1320p as the market digested Minorco's success in gaining acceptances in respect of nearly 55 per cent of Gold Fields shares for its £3.5bn bid. Trading in Gold Fields was not heavy, as the major shareholders awaited the next development in this bitterly-fought contest.

Investors buying Gold Fields shares yesterday will not receive the stock until May 15, only two days before the deadline for the Minorco bid. Institutional interest has now died away, with fund managers effectively locked in until the bid situation is resolved.

FINANCIAL TIMES STOCK INDICES

	Apr 27	Apr 26	Apr 25	Apr 24	Apr 21	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.68	86.64	86.24	86.16	85.98	88.70	89.29 (8/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.04	97.00	96.87	96.96	96.84	96.92	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1745.9	1731.4	1708.9	1701.9	1700.5	1444.7	1781.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	186.2	185.1	186.5	186.6	185.7	211.1	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

Ord. Di. Yield	4.46	4.51	4.56	4.58	4.58	4.52
Earning Yld %(full)	10.73	10.92	11.05	11.09	11.11	11.70
P/E Ratio(Net)(☆)	11.21	11.06	10.96	10.91	10.87	10.46
SEAQ Bargains(5pm)	28,132	26,898	24,423	22,231	22,548	27,629
Equity Turnover(£m)†	-	1416.84	1375.06	854.30	1165.29	1161.03
Equity Bargains†	-	29,654	27,911	26,292	27,209	29,534
Shares Traded (ml)†	-	582.9	528.9	351.3	436.8	437.1

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1730.3	1735.2	1740.2	1745.5	1749.5	1750.2	1743.2	1747.0

DAY'S HIGH 1751.8 DAY'S LOW 1730.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.12 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Apr 26	Apr 25
Gilt Edged Bargains	103.1	87.0
Equity Bargains	192.2	180.9
Equity Value	2863.8	2779.4
5—Day average		
Gilt Edged Bargains	97.3	94.9
Equity Bargains	184.1	186.0
Equity Value	2490.2	2506.0

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	12,800	165	-8	Cookson	2,200	313	+7	Laporte	635	429	+1	Royal Bk of Scotland	1,500	379	-3
Allied-Lyons	3,500	455	+6	Courtaulds	2,300	329	+9	Legal & General	1,800	314	-2	Royal Insurance	3,300	406	-1
Amstrad	1,500	120	-1	Dalgety	876	370	+6	Lloyds Bank	1,200	357	+3	STC	1,300	326	+5
Argyll Group	1,850	196	+3	Dixons	2,900	148	-2	LASMO	907	465	+10	Saatchi & Saatchi	3,300	279	+12
Ass. Brit. Foods	105	335	-2	Eng. China Clays	3,000	526	+4	Lonrho	1,000	282	-1	Sainsbury	601	342	+2
BAA	1,000	377	+1½	Enterprise Oil	705	546	+6	Lucas	453	622	+1	Scott & Newcastle	4,900	303	+11
BAT Inds.	3,500	548	+9½	FKI Babcock	390	169	-1	MB Group	506	208	+1	Sears	7,100	124	+1
BET	922	286	+3	Fisons	1,800	313	+1½	MEPC	742	569	+13	Shell Transport	3,900	409½	+5
BICC	936	488	+2	Gateway Corp.	4,200	129½	-1½	Marks & Spencer	2,600	171	+3	Siebe	565	460	-1
BOC	1,500	495	+6	General Accident	231	943	+4	Maxwell Comm.	8,200	194	-1	Slough Ests.	476	330	+3
BPB Inds.	158	298	+3	General Elect.	3,100	249	+2	Midland Bank	549	458	+4	Smith & Nephew	1,700	143½	+1½
BTR	2,100	368	+3	Glaxo	1,700	1393	+25	Nat. West. Bank	1,000	601	+3	Smiths Industries	1,630	304	+4
Barclays	1,800	447	+3	Globe Inv.	37	171	+1½	Next	3,500	145	+2	Standard Chartered	710	531	+3
Bass	1,300	958	+19	Glynwed Int.	654	314	+1	Northern Foods	79	300		Storehouse	85	174	
Beecham	4,700	630	+7	Granada	1,500	369	+10	Pearl	330	413	+2	Sun Alliance	41	1143	+9
Blue Circle	1,200	535	+6	Grand Met.	1,900	572	+8	Pearson	166	717	+3	T&N	5,500	209	+3
Boots	1,300	291		GUS A	302	1045	-3	P & O	402	666	+2	TSB	2,100	108¼	+1
Brit. & Comm.	2,800	211	+3	GRE	796	305	+1	Pilkington	2,580	253½	+4½	Tarmac	2,100	315	+2
Brit. Aerospace	657	586	+13	GKN	1,200	384	+9	Plessey	1,700	263		Tate & Lyle	983	240	-3
British Airways	3,700	196	+5	Guinness	2,800	469	+8	Polly Peck Intl.	1,100	317	+1	Taylor Woodrow	314	627	+4
British Gas	5,600	181½	+1½	Hammerson 'A'	137	804	+6	Prudential	1,300	175	+1	Tesco	2,300	174	
British Land	996	366	+6	Hanson	6,000	192	-3	RHM	2,300	369	+5	THORN EMI	720	661	+8
BP	5,300	290	+5½	Harrisons & Cros.	361	199	+4	RMC	185	682	+12	Trafalgar House	2,300	390	+8
British Steel	6,500	84¼	+½	Hawker Siddeley	1,300	696	+16	RTZ	1,959	531	+7	Trusthouse Forte	4,300	294½	+5½
British Telecom	3,900	266	-½	Hillsdown Hldgs.	8,600	267	+2	Racal	8,200	427	+17	Ultramar	1,500	309	+4
Burmah Oil	126	560	+7	IMI	1,400	229	+4	Rank Org.	1,000	963	+22	Unilever	2,400	559	+12
Burton	2,800	213	+2	Imp. Chem.	4,000	1232	+34	Reckitt & Colman	273	1133	+13	United Biscuits	1,400	325	+2
Cable & Wireless	2,000	504	+4	Inchcape	1,000	366	+8	Redland	1,300	536	+2	Utd Newspapers	479	440	+3
Cadbury Schweppes	655	345½	-½	Jaguar	661	301	-2	Reed International	1,300	393	+8	Wellcome	4,700	478	-17
Carlton Comms.	529	844	-11	Kingfisher	1,000	298	-1	Reuters	5,900	725	-4	Whitbread 'A'	2,800	373	+14
Commercial Union	951	383	+6	Ladbroke	774	556	+7	Rolls Royce	6,400	193	+5	Williams Hldgs.	1,400	261	+2½
Cons. Gold Fields	1,300	1320	+37	Land Securities	1,300	573	+12	Rothmans	718	497	+8	Wimpey	600	239	+0

ICI beats all the forecasts

First quarter figures from ICI came in well ahead of forecasts putting marketmakers in high spirits. One spoke of a chart resistance point at 1285p, saying: "If they break through, they will have a bull run." The price climbed 34 to 1232p in a turnover of 4m shares.

Analysts moved quickly to upgrade their forecasts for the current year — one dealer spoke of 5 per cent upgrades across the board. Mr John Dorée, at Citicorp Scrimgeour Vickers, was already towards the top of the range with £1630m. He pushed that up to £1675m and predicted that £1600m would be the new floor on the range of estimates. Mr Chris Burbridge, near the other end of the scale, increased his forecast by £50m to £1600m.

Nevertheless, some analysts sounded notes of caution. Mr Dorée pointed out that the good performance of the company's pharmaceuticals business was due to stocking up in Japan ahead of the introduction of a sales tax on drugs. Others pointed out that any slowdown in domestic demand due to high interest rates had not yet filtered through to the results.

Strong US favourite

The strong performance of Racal Electronic shares over recent days was taken a stage further yesterday when the share price surged to a year's best of 429p before eventually settling a net 17 higher at 427p. American buying was said to have been behind the latest advance which saw turnover in Racal increase sharply to 8.2m shares.

The US investment houses have chased Racal stock for some time on a story that the company is actively seeking to arrange for a sponsored ADR facility in the US, a move which should trigger a wave of support for the stock from some US funds prevented from being able to invest in a share "as ephemeral as an unsponsored ADR", as one analyst put it. Goldman Sachs, the US house that handled the US end of the Racal Telecom float are hot favourites to sponsor the Racal Electronic ADR's which, the market says, could be arranged before the end of the year. Racal were also said to be looking at disposals of some of their non-core activities.

Quizzed as to the reasons behind Racal's buoyant performance, Mr John Tysoe, electronics analyst at Shearson Lehman Hutton, said if Racal Electronics were to be valued on the same basis as the 80 per cent owned Racal Telecom, then "you would be looking at closer to £10 a share for Racal Electronics.

Unlike the analysts, marketmakers took a much more restrained view of yesterday's performance; "There was a lot of overseas buying, mostly from the US, but much of the turnover represented business between marketmakers which tells me that not much stock is coming out and that the market is short," said one trader. Racal Telecom shares added 4 at 363p, after 368p.

Saatchi light relief

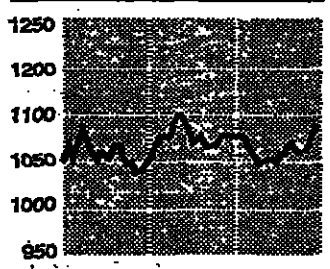
Saatchi & Saatchi powered ahead amid strong suggestions that Mr Robert Maxwell was looking more seriously at the agency sector. The publisher is said to hold a small interest in Charles Barker and the buzz was that he had added sector leader Saatchi to his portfolio. Saatchi shares have wallowed in despair since the group warned of lower profits, and next month's interim figures are expected to be particularly grim.

The mood of despondency, however, lifted yesterday as the shares shot up to 284p before settling 12 up on the day at 279p. Considerable arbitrage business developed with US houses buying domestically and selling in London, indicating that not all were treating the Maxwell story seriously. One UK anlayst thought there was still more downside in Saatchi shares, but another said: "My marketmaking colleague tells me the business is coming from a broker who often acts for Mr Maxwell and we are all aware of his eye for a bargain."

Not welcome

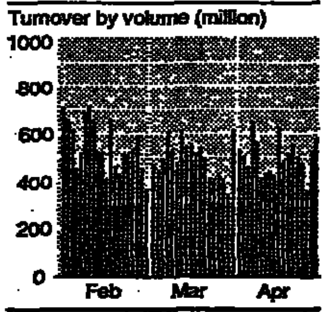
The market gave the thumbs down to interims figures from Wellcome. The pre-tax profits were towards the lower end of expectations but it was the poor performance of anti-Aids drug Retrovir, with £59m of sales, that took many by surprise. A busy 4.2m shares changed hands as the price fell

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



17 to close at 478p, the low point of the day.

Mr Paul Woodhouse, analyst at Citicorp Scrimgeour Vickers, who had predicted £70m, pinned the blame on on some US patients' disinclination to using the drug regularly and their resentment over its price. He is downgrading his full year forecasts for Retrovir sales by £15m to £140m.

Mr Steve Plag and Mr Jonathan de Pass of BZW were bang on with their forecasts, having reduced them over several months from the top of the range to the bottom. Mr Plag said that some observers had overlooked heavy buying of the drug by wholesalers in the corresponding period of the previous year. He is sticking with his forecast for Retrovir sales this year, also of £140m.

BP were well supported and closed 5¼ ahead at 290p on turnover of 5.6m shares after the chairman's statement at the agm which included confirmation that the company is to commence paying quarterly dividends in August this year.

Other top oil shares were equally firm. Shell added 5 at 409½p on almost 4m turnover, despite the closure of the St Fergus gas plant which handles around 40 per cent of Shell's North Sea gas output.

The revelation that London United, the insurance group, will not be paying a dividend for 1988 because of the need to "husband its resources" at its US subsidiary Walbrook Insurance, triggered a slide in London United shares to 63p before steadying and then rallying to close a net 29 off at 75p.

Life assurance shares made progress led by London & Manchester (L & M) which raced up to 303p at one point before easing off to close a net 5 higher at 294p; speculation in the market suggested that L & M could be a possible bid target for Royal Bank of Scotland. Recently there have been hints that Abbey National may be taking a look at L & M.

Brewery stocks shone amid bid rumours and strong buying. Scottish & Newcastle added 11 at 303p on two stories. The first was that Elders IXL, the Australian brewing group which tried to bid for S&N last year but ran into a referral from the Monopolies Commission, had sold part of his 23.6 per cent stake to Guinness. The story was then supplanted by one suggesting that Danish brewer Carlsberg was preparing a bid for S&N. Most dealers regarded the speculation as wide of the mark, but it was enough to send volume in the stock to just below 5m shares, most of which was turned over before lunch. Guinness ended 8 better at 469p.

A brace of excellent results from two more of the leading companies in buildings gave the sector a "fundamentally strong feeling," strong to one marketmaker. Redland's full-year figures, showing profits up some 20 per cent, were initially viewed as not as good as those announced earlier in the week by Tarmac, and Redland shares slipped off to 530p.

The subsequent meeting between the company and building sector analysts was said by one analyst to have been "upbeat, with the company very positive on the US, UK and Australian interests and said to be happy with the break-even position on plasterboard." Redland shares closed a few pence ahead on the day at 536p.

AMEC's figures — profits up 78 per cent — were well received and the shares jumped 12 to 457p. Other features included Costain, 7 higher at 329p, after 330p, with the market full of talk that the Trafalgar House stake, 8.4 per cent or some 15m shares, was being offered around UK investment houses and institutions rather than to potential predators.

Dixons fell 2 to 148p on turnover of nearly 3m shares after broking house BZW lowered its profits forecast for the current year by £6m to £79m and for next year by £17.5m to £75m.

Mr Steven Oldfield, BZW stores watcher, said of Dixons: "Slippage in like to like growth has accelerated in the second half, gross margins in the UK are under increasing pressure as the year goes on."

STC maintained their recent good showing and moved up 5 more to 326p, still stimulated by speculation that a deal with Siemens could be on the cards. Market stories have suggested that Siemens could be interested in taking a 25 per cent stake in ICL, STC's computer subsidiary.

VSEL plunged 41 on stories of the cancellation of submarine orders from Canada. The stock recovered to close at 513p, a net decline of 11.

British Aerospace was boosted by further Airbus orders and closed 13 ahead at 586p. There was good institutional buying of IMI. "They have cut out the bad parts of the product lines and look relatively recession proof," said a dealer. The price firmed 4 to 229p.

Among food manufacturers Hillsdown were heavily traded as the market bought stock ahead of the agm today. Mr Richard Workman of Hoare Govett expects it to be upbeat on current trading, including the egg and poultry operations; most analysts now believe the salmonella scare has run its course, this in spite of yesterday's profits warning from Everest Foods (down 37 at 1339).

Hillsdown were also buoyed by the sale of its near 17 per cent stake in leather group Pittard Garner to Strong & Fisher. "Although a full bid for Pittard would have made sense, it was just too expensive," commented one analyst. Hillsdown closed 2 firmer at 267p on turnover of 8.6m shares, with broking house Smith New Court recommending investors to buy the stock.

Other manufacturers were less busy, although Dalgety did gain 6 at 370p on whispers of further buying by Australian entrepreneur Robert Holmes á Court.

Supermarkets were again busy, although Asda took a tumble as the hoped for dawn raid and bid inevitably failed to materialise. The stock closed 8 easier at 165p as some speculators took profits, but turnover at 13m shares was again good in strong two-way trade, indicating that the market still expects a bid or large stake to be unveiled soon, probably by a West German retailing group, either Tengelmann and its US subsidiary A&P, or Aldi.

Speculative demand on hopes of a bid from US hotels group Marriott helped Trusthouse Forte climb 5½ to 294½p.

Bargain hunters bought Granada which touched 374p before settling back to 369p, a rise of 10 on the day. Rank Organisation continued to benefit from talk of a bid by Hanson for Xerox of the US and the possible £500m sales of its hotel interests. It closed 22 ahead at 963p.

Trading began briskly in Reuters' recently redesignated "A" shares. Some 5.9m shares changed hands and Hoare Govett, joint brokers to Reuters, said that it had done 3.6m of that total. Hoare upgraded Reuters' profits forecast for the second time in a month by £10m to 330m. The price gave up 4 to close at 725p after a good performance in recent days.

Glaxo climbed 25 to 1393p, partly in sympathy with the good performance of ICI pharmaceutical business but also on an article in the New England Journal of Medicine emphasising the effectiveness against ulcers of the company's star drug Zantac.

Courtaulds expansion in the US through the acquisition of a 10.5 per cent stake in Product Research & Chemical Corporation for £12.8m ensured a firm trend.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 31

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (177).
LOANS (5) AMERICANS (18) BANKS (1) Cater Allen, BREWERS (2) Macallan-Glenlivet, Macdonald Martin "A", BUILDINGS (6) CHEMICALS (4) Canning (W.), Racham Eavmil. Servs., Rentokil, Yorkshire Chems., STORES (7) ELECTRICALS (12) ENGINEERING (19) FOODS (3) ASDA, Sainsbury (J.), Tesco, HOTELS (2) Allied Restaurants, Grand Met., INDUSTRIALS (29) ADT, Abbeycrest, Aberfoyle, Alfa-Laval AB "B", Apollo Metals, Avis Europe, BAA, BET, BTR Wrrts., Barratt (Henry), Baynes (Charles), Bear Brand, Bibby (J.), Boot (Henry), Brit. Aerospace, Carbo, Dean & Bowes, EIS, Expamet, Fuel Tech., Hanson, High-Point, Johnston Grp., Kershaw (A.), Rank Org., Record Hldgs., Sidlaw, Sothebys "A", Stag Furniture, Trafalgar House, Unilever NV, Warner Howard, Young (H.), INSURANCE (1) London & Man., LEISURE (2) Brent Walker 5pc Prf., Pavilion Leisure, MOTORS (1) Airflow Streamlines, PAPERS (2) Fairway (London), ML Research, PROPERTY (8) SHIPPING (1) Runciman (W.), SHOES (1) Lambert Hth., TEXTILES (3) Courtaulds, Earlys of Whitney, Toray, TRUSTS (49) OILS (5) Ex. Co. Louisiana, Fairhaven Intl., Monument Oil, Santos, Shell Trans., MINES (9) THIRD MARKET (2) Pennine Optical, Whitegate Leisure.

NEW LOWS (29).
ELECTRICALS (1) Optim Grp., FOODS (1) Everest Foods, INDUSTRIALS (6) Assoc. Energy, Betacom, Hestair, Pergamon '98, Vinten, Wills Grp., INSURANCE (2) London Utd., Willis Faber, LEISURE (1) Noble Raredon, NEWSPAPERS (1) Maxwell Comms., TRUSTS (3) Centreway Tst., Clayton Robard, Smith New Court, OVERSEAS TRADERS (1) Utd Plants Africa, MINES (6) Acorn Secs., Dolce Grp., Endeavour, Indo Pacific, Julia Mines, Kenmare, THIRD MARKET (1) Scott Pickford.

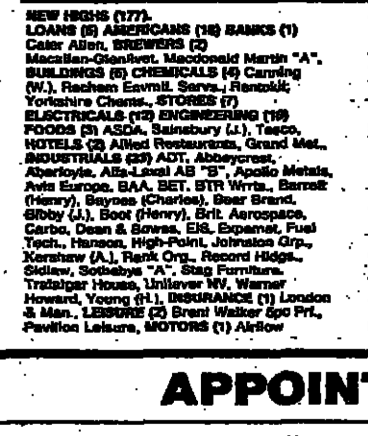
APPOINTMENTS

Scottish & Newcastle chairman

Mr Alick Rankin, chief executive of SCOTTISH & NEWCASTLE BREWERIES, is to become executive chairman upon the retirement this year of Sir David Nickson, *writes Lisa Wood.* Sir David, 59, was due to retire in November but will now step down as chairman after the annual meeting in August. He said yesterday that he had decided it was now appropriate to announce the changes following the outcome of the Monopolies and Mergers Commission's investigation of Elders IXL's proposed takeover of S & N. The Commission blocked Elders' proposed bid for the Newcastle Brown ale producer. Sir David will continue as a non-executive director. Mr Gavin Reed, who is currently managing director (operations), will become group managing director.

■ Mr Martin Wonfor becomes a partner of CAZENOVE & CO from May 1.

■ Mr Peter Runciman has been appointed chairman of THE SCOTTISH EASTERN INVESTMENT TRUST which is managed by Martin Currie in Edinburgh. He succeeds Mr Norman Lessels who remains on the board. Mr Runciman is executive chairman of Shanks & McEwan Group, Glasgow.



Lord Napier of Magdala *(above)* has been appointed the general manager and a director of the PORT OF FELIXSTOWE INTERNATIONAL, a P&O company which provides port consultancy, management and training. Lord Napier was port director of the Manchester Ship Canal Company.

■ Mr Richard Pepper has been appointed managing director of COWIE INTERLEASING SOUTH, Slough.

■ OCEONICS SPL has appointed Mr Alexander Ellis as managing director succeeding Mr Harold Jamieson who becomes chairman. Mr Ellis was director of corporate development for Northern Telecom.

■ The S&P LEISURE GROUP has appointed Mr George Martin, previously chief executive of Pleasurama and Land Leisure, as non-executive chairman.

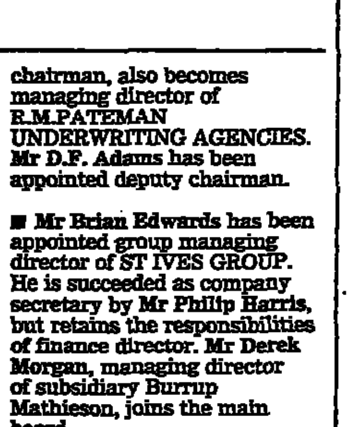
Lautro changes chief executive

Mr Kit Jebens takes over on July 1 as chief executive of the LIFE ASSURANCE AND UNIT TRUST REGULATORY ORGANISATION *writes Richard Waters.* It is one of the five self-regulating organisations set up under the Financial Services Act. Mr Jebens, 57, who is currently Lautro's chief enforcement officer, was a brigadier in the army air corps before retiring two years ago. He succeeds Mr Malcolm Reid, who became the organisation's first chief executive when it was set up three years ago, and who is to retire at the age of 62.

■ T&N GROUP has made the following appointments. Mr David Mellalieu has been appointed managing director of Fluidrive Engineering Co from May 1. He is finance director of TBA Belting, another subsidiary. Dr Alan Eddy becomes operations director of Fluidrive from June 1. He is manager of the Manchester factory of The Glacier Metal Co, another subsidiary. Mr Peter Chadwick succeeds Mr Mellalieu as finance director of TBA Belting. He moves from the finance department of T&N head office.

■ Mr R.M. Pateman, chairman, also becomes managing director of R.M.PATEMAN UNDERWRITING AGENCIES. Mr D.F. Adams has been appointed deputy chairman.

■ Mr Brian Edwards has been appointed group managing director of ST IVES GROUP. He is succeeded as company secretary by Mr Philip Harris, but retains the responsibilities of finance director. Mr Derek Morgan, managing director of subsidiary Burrup Mathieson, joins the main board.



Mr Tim Lebus *(above)* has been appointed a director in the corporate finance division of CHARTERHOUSE BANK. He was with Salomon Brothers where he was vice president responsible for the UK corporate coverage group.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	49.51	49.02	52.15	+0.28	5.25
Gilts & Fixed Int	6	111.9	111.9xd	118.9	+0.3	8.41
High Inc Equity	6	130.7	133.6xd	142.1	+1.2	4.47
Worldwide Bond	6	189.0	189.0xd	200.3	-0.1	4.84
Capital Growth						
American Growth	6	166.2	168.2	178.9	-0.5	1.39
Asian Pacific	6	92.39	94.38	100.4	-0.3	.7
Assets & Earnings	6	157.6	161.6	171.9	+4.3	1.51
Capital Reserve Acc	0	84.16	84.16	84.22	+0.04	4.75
Comdty & Energy	6	96.33	99.46xd	105.80	+1.9	.99
1992 Enterprise	6	55.83	56.86	60.48	+0.42	2.98
European Capital	6	82.53	83.09	88.39	+0.33	.85
General	6	173.4	176.5	187.7	+3.4	2.40
Japan	6	107.5	109.3	116.2	+0.3	0.00
Mastertrust	6	82.24	82.24	87.96	+0.22	1.63
UK Growth Acc	6	197.1	205.9	218.60	+8.6	1.03
UK Growth Dist	6	131.4	137.1xd	145.8	+5.7	1.54
US Emerging Cos	6	49.90	51.59	54.88	+0.39	0.00
Income & Growth	6	288.7	295.2	314.0	+7.6	3.36
Ethical	6	48.29	49.42	52.57	+0.38	2.38

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD						01-405 8331
Combis & Equity	5	64.40	66.88	71.15	+4.25	6.75
European	5	63.17	63.38	67.43	+1.16	0.14
Far Eastern	5	59.73	59.73	63.52	+0.01	0.56
Growth Inc	5	89.54	92.78xd	98.70	+0.34	1.41
Growth Acc	5	89.54	92.78xd	98.70	+0.34	1.41
Income Inc	5	83.02	84.75	90.16	+0.90	3.46
Income Acc	5	83.02	84.75	90.16	+0.90	3.46
Property Share	5	54.69	54.69	58.29	+0.24	1.06
Smaller Co's	5	58.62	61.86	65.80	+0.09	1.47
Formerly NMC Trust Managers Ltd						
Nth American	5	56.12	56.12	60.01	+0.11	1.70
Interest (Gilt)	5	45.32	45.32	48.46	-0.24	1.48
Wright Seligman Fund Mngrs Ltd (1000)H						
11 Blomfield St, London EC2M 7AY						01-588 0592
Growth	5	98.49	98.49	103.49		0.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk Fenay Bdge, Huddersfield						0484 602250
Yorkshire General	5½	62.50	64.06	69.00	+0.22	2.80
YUTM Eq Inc Tst	5½	60.31	62.33	66.31	+0.32	4.62
YUTM Intl Gwth Tst	5½	47.79	47.79xd	51.01	-0.14	1.07

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int I Exm April 19	451.9	470.5		
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Inv Fund Mar 31	498.00			4.76
Fxd Inv Sec Mar 31	142.20			10.06
Deposit Mar 31	100.00			12.56
Charities Official Invest. Fund				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Income Mar 31	472.94			5.05
Accum Mar 31	1541.14			
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 26	129.4	133.0	+2.2	1.70
Managed Apr 26	126.7	131.4	+0.1	2.19
Japan Apr 27	137.7	141.5	+1.0	0.14
Pacific Apr 28	444.5	456.7	+6.8	0.21
Sm Jap Cos Apr 28	258.9	266.0	+4.1	0.10

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL				0793 514514
Fixed Int. Dep. Acc.	258.4	272.0	+0.1	–
Equity Acc	828.4	872.3	+9.1	–
Property Acc	488.3	514.0	+0.1	–
Far East Acc	198.3	208.8	+0.8	–
European Acc	21.7	22.9	–	–
Managed Acc	654.9	689.4	+5.4	–
Managed Cap	372.4	392.1	+2.0	–
O'seas Earnings Acc	549.7	578.7	+3.5	–
Gilt Edged Acc	312.4	328.9	+1.7	–
American Equity Acc	423.1	445.4	+0.1	–
American Man Acc	196.9	207.3	+0.2	–
American Prop Acc	139.5	146.9	+0.2	–
Pen F.I. Dep. Cap	284.5	299.5	+0.1	–
Pen. F.I. Dep Acc	485.1	510.7	+0.2	–
Pen. Prop. Cap	571.7	601.8	+0.1	–
Pen. Prop. Acc	1076.4	1133.1	+0.3	–
Pen. Man. Cap	801.5	843.7	+4.3	–
Pen. Man. Acc	1508.6	1588.0	+8.3	–
Pen. Gilt Edg. Cap	314.6	331.2	+1.5	–
Pen. Gilt Edg. Acc	483.9	509.4	+2.5	–
Pen. Eq. Cap	1312.9	1382.1	+8.2	–
Pen. Eq. Acc	3773.2	3971.8	+21.9	–
Pen. Am. Eq Cap	136.3	143.5	+0.4	–
Pen. Am. Eq Acc	163.8	172.5	+0.6	–
Pen. Far East Cap	236.7	249.2	+0.9	–
Pen. Far East Acc	284.6	299.6	+1.1	–
Pen. Euro Cap	24.6	25.9	+0.1	–
Pen. Euro. Acc	26.6	28.0	+0.1	–
Pen. B.S. Acc	530.3	558.9	+0.2	–
Pen. B.S. Cap	319.7	336.7	–	–
Pen. D.A.F. Acc	371.9	371.9	+0.2	–
Pen. D.A.F. Cap	251.6	251.6	–	–
Pen. Mortgage Cap	143.0	150.6	–	–
Pen. Mortgage Acc	172.0	181.1	–	–
Gartmore Funds				
Pen Equ Cap	27.7	29.2	+0.1	–
Pen Equ Acc	28.7	30.3	+0.2	–
Pen Am Eq Cap	30.0	31.6	–	–
Pen Am Eq Acc	31.1	32.8	-0.1	–
Pen Far East Cap	30.1	31.7	+0.1	–
Pen Far East Acc	31.2	32.9	+0.2	–
Pen Euro Cap	32.8	34.6	+0.1	–
Pen Euro Acc	34.0	35.8	–	–
James Capel Funds				
Pen Equ Cap	28.5	30.0	+0.2	–
Pen Equ Acc	29.5	31.1	+0.2	–
Pen Am Eq Cap	29.6	31.2	+0.1	–
Pen Am Eq Acc	30.6	32.3	–	–

City of Edinburgh Life Assurance

46 Charlotte Sq, Edinburgh

City of Westminster Assurance

PO Box 469, 500 Avebury Blvd, Milton Keynes

Clerical Medical/Fidelity International

Narrow Plain, Bristol BS2 0JH

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	115.0	122.0	+3.0	–
Building Soc. Fd.	169.0	178.0	.....	–
Balanced	278.0	293.0	.....	–
European	161.0	170.0	.....	–
GT Managed	168.0	177.0	+1.0	–
Gartmore Mngd	114.0	120.0	.....	–
German	112.0	118.0	.....	–
Gilt	175.0	185.0	-1.0	–
Global	48.0	51.0	.....	–
High Inc	117.0	124.0	.....	–
International Equity	186.0	196.0	+1.0	–
Japan	239.0	252.0	.....	–
Managed	63.0	67.0	.....	–
Property	276.0	291.0	.....	–
R. W. Imperial Gold	139.0	147.0	.....	–
UK Equity	375.0	395.0	.....	–
Pension Funds				
American	143.0	151.0	.....	–
Building Soc. Fd.	168.0	177.0	.....	–
Balanced	213.0	225.0	.....	–
European	160.0	169.0	.....	–
German	103.0	109.0	.....	–
Gilt	148.0	156.0	.....	–
International Equity	137.0	145.0	.....	–
Japan	135.0	143.0	.....	–
Managed	64.0	68.0	.....	–
Property	213.0	225.0	.....	–
UK Equity	335.0	353.0	.....	–
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 33733				
Managed Fund see Balanced Growth Managed Fund				
Balanced Gwth Mngd.	572.9	602.7	.....	–
Adventurous Mngd.	120.9	127.5	.....	–
Secure Mngd	106.2	112.0	.....	–
Cash Fd.	230.6	243.0	.....	–
Property Fund	282.2	300.3	.....	–
Equity Fund	631.3	671.7	.....	–
Fxd. Int. Fund	295.1	311.0	.....	–
International	[illegible]	[illegible]	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -
Prudential Pensions Limited			
Holborn Bars, London EC1N 2NH 01-405 9222			
Discretionary Apr 26	£149.13	154.27	+0.38
Equity Apr 26	£161.26	169.150	+0.23
International Apr 26	£24.43	25.13	+0.19
Intl Bond Apr 26	£11.46	11.61	+0.11
Fixed Int Apr 26	£71.26	72.31	+0.06
Index Linked Apr 26	£59.76	60.51	-0.32
Property Apr 26	£107.38	113.86	+0.09
Cash Apr 12	£20.5515	20.5515	+0.0416
Pru-Linked Retirement Plan			
Managed Apr 26	369.0	384.4	.....
Cash Apr 26	193.3	201.4	.....
Prudential Pensions Investment Account			
Pens Mngd Apr 27	153.0	161.1	+1.9
Pens UK Eq Apr 27	299.9	315.7	+4.5
Pens Intl Apr 27	174.9	184.2	+1.0
Pens Fixed Apr 27	164.4	173.1	+1.2
Pens Index Lk Apr 27	153.1	161.2	+0.4
Pens Cash Apr 27	126.2	132.9	.....
Regency Life Assurance Co Ltd			
Regency Hse, Lanark Sq, London E14 9XS 01-538			
Aggressive Ptflio Fd.	117.1	123.2	+0.5
Balanced Ptflio Fd.	308.2	324.4	+1.2
Cautious Ptflio Fd.	120.6	126.9	+0.4
Elite Fund	106.2	111.7	+1.3
European Fund	80.7	84.9	-0.1
Far East Fund	111.4	117.2	+0.7
Fixed Interest Fund	241.4	254.1	+0.9
International Fund	255.6	269.0	+0.1
Money Fund	174.9	184.1	.....
N American Fd.	112.8	118.7	+0.1
Property Fund	413.4	435.4	+1.3
UK Equity Fd	378.3	398.2	+2.0
A.I.M. Brwin Dighe Fd.	92.0	96.8	+0.8
Swim Select Inv.	110.5	116.3	+0.4
Chart Safety First Bd.	108.1	113.8	+0.2
Exec Master Fd	91.6	96.4	+0.2
Hardwick Growth Fd	108.9	114.6	.....

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

JERSEY (**)

[illegible]

GUERNSEY (**)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

BRITISH FUNDS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99½	97	Treas 3pc 1989	99½xd	.....	-	-
99	99	Treas 10½pc 1989	99	.....	10.53	12.11
99⅛	98	Exch 10pc 1989	99	.....	10.07	12.47
99	99	Exch 11pc 1989	99	.....	11.07	12.34
97	95⅝	Treas 5pc 1986-89	97	.....	5.14	10.97
99½	99	Exch 10¼pcCv '89	99¼xd	.....	10.30	11.07
101	100¼	Treas 13pc 1990‡‡	100	-	12.92	11.99
99	98	Exch 11pc 1990‡‡	99¼	-	11.08	11.92
101	99	Exch. 12½pc 1990	100	-	12.46	12.05
93½	91	Treas. 3pc 1990	93½xd	.....	3.21	9.81
96	95	Treas 8¼pc 1987-90‡‡	96¼	.....	8.57	11.88
98	95	Treas. 8pc Cv 1990‡‡	96⅝	.....	8.27	10.93
98	97	Treas. 10pcCv 1990	97	-	10.24	11.75
90	87	Exch 2½pc 1990	89¾xd	+	2.78	9.64
101	99	Treas 11¾pc 1991	100	-	11.72	11.56
91	89	Funding 5¾pc '87-91‡‡	91	.....	6.28	10.68
88½	86	Treas. 3pc 1991	88xd	+	3.41	9.62
100	96	Treas 10pc Cv '91 ‡‡	97⅝	+	10.24	11.23
101	98	Exch. 11pc 1991	99¼	+	11.09	11.30
94	91	Treas. 8pc 1991	92	+	8.64	11.34
106	102	Treas 12¾pc 1992‡‡	104	+	12.27	11.03
99½	96½	Treas 10pc 1992	97½	+	10.26	11.07
94	91½	Treas. 8pc 1992 ‡‡	92	+	8.65	11.05
100¼	97	Treas 10½pc Cv 1992‡‡	98¾xd	+	10.64	11.00
85	82¼	Treas. 3pc 1992	83⅝	.....	3.59	9.17
105	102	Exch. 12¼pc '92	103¼	+	11.86	11.05
109¼	105	Exch 13½pc 1992	106¾	+	12.63	10.98
94	90	Treas 8¼pc 1993	92	+	8.96	10.82
100	96	Treas 10pc 1993‡‡	97	+	10.22	10.67
108¼	104	Treas 12½pc 1993‡‡	105¼	+	11.82	10.76
87¾	84¾	Funding 6pc 1993‡‡	85	.....	7.05	10.28
113¼	109	Treas 13¾pc 1993‡‡	110xd	+	12.42	10.71
94	90	Treas. 8¼pc 1994	91	+	9.26	10.72
117	113	Treas 14½pc 1994‡‡	114	+	12.63	10.50
113	109	Exch 13½pc 1994	110	+	12.21	10.71
		Five to Fifteen Years				
100⅝	96	Treas. 10pc Ln. 1994‡‡	97	+	10.22	10.35
110¼	106	Exch. 12¾pc 1994	107	+	11.66	10.69
96	92⅞	Treas 9pc 1994‡‡	93xd	+	9.99	10.47
108	104	Treas 12pc 1995	105⅝	+	11.36	10.65
79	74½	Exch 3pc Gas 90-95	75xd	-	4.00	8.38
101	97½	Exch. 10¼pc 1995	98	+	10.39	10.54
113	109	Treas 12¾pc 1995‡‡	110xd	+	11.56	10.51
119	114	Treas. 14pc '96	115¼	+	12.10	10.65
97½	93¼	Treas 9pc 1992-96‡‡	94	+	9.51	10.10
126	121	Treas 15¼pc 1996‡‡	122¾xd	+	12.42	10.56
117	112	Exch 13¼pc 1996‡‡	113xd	+	11.69	10.52
101	96	Conversion 10pc 1996	98xd	+	10.19	10.36
118½	113	Treas 13¼pc 1997‡‡	114⅛	.....	11.58	10.46
104	99	Exch 10½pc 1997	100⅝	+	10.44	10.37
95	90¼	Treas 8¾pc 1997‡‡	92	+	9.50	10.16
128⅝	122	Exch 15pc 1997	124	+	12.07	10.59
100	95	Exch 9¾pc 1998	97	+	10.03	10.24
84	80½	Treas 6¾pc 1995-98‡‡	81xd	.....	8.25	9.84
134	128½	Treas. 15½pc '98‡‡	129	+	11.92	10.41
113	108	Exch. 12pc 1998	109⅞xd	+	10.92	10.33
100¼	95	Treas 9½pc 1999‡‡	97	+	9.79	9.97
115	110	Exch. 12¼pc 1999	111¼	+	10.96	10.32
105⅝	100	Treas. 10½pc 1999	101xd	+	10.31	10.20
104	98	Conversion 10¼pc 1999	100xd	+	10.21	10.19
94	89	Treas. 8½pc Ln 2000‡‡	90	+	9.37	9.92
97	92	Conversion 9pc 2000‡‡	93	+	9.60	9.94
122	116	Treas. 13pc 2000	117	+	11.06	10.32
103⅝	98	Treas 10pc 2001	99	+	10.02	10.01
124	118	Treas. 14pc '98-01	120xd	+	11.65	10.49
102	97	Conversion 9¾pc 2001	98	+	9.91	9.97
113	108	Exch. 12pc '99-02	109	+	10.92	10.34
104	99	Conversion 10pc 2002	100	+	9.92	9.88
102	97	Treas 9¾pc 2002	99	+	9.83	9.85
97	92	Exch. 9pc 2002	94	+	9.56	9.77
126	120	Treas. 13¾pc 2000-03	122¼	+	11.25	10.35
105⅝	100	Treas 10pc 2003	101¾	+	9.83	9.76
113	107	Treas. 11½pc 2001-04	109	+	10.53	10.14
		Over Fifteen Years				
106	101¼	Treas. 10pc 2004	102¾xd	+	9.74	9.66
59	57	Funding 3½pc '99-04	57	-	6.09	8.54
102	97	Conversion 9½pc 2004	99	+	9.56	9.57
103	98	Conversion 9½pc 2005	99	+	9.53	9.54
111	106	Exch. 10½pc 2005	107	+	9.73	9.53
125	119	Treas. 12½pc 2003-05	120xd	+	10.36	9.80
90	86	Treas. 8pc 2002-06‡‡	87	+	9.13	9.46
105	101	Conversion 9¾pc 2006	102xd	+	9.52	9.47
118	113	Treas. 11¾pc 2003-07	114⅝	+	10.26	9.79
96	91½	Treas 8½pc 2007 ‡‡	92	+	9.15	9.31
134⅝	127	Treas. 13½pc '04-08	129	+	10.44	9.72
101	96	Treas 9pc 2008 ‡‡	97	+	9.23	9.28
92	87	Treas 8pc 2009	89	+	8.99	9.20
102	97	Conv 9pc Ln 2011 ‡‡	98	+	9.14	9.16
68	65	Treas. 5½pc 2008-12‡‡	66	-	8.31	8.98
89	85	Treas. 7¾pc 2012-15‡‡	86	.....	8.91	9.07
132	126	Exch. 12pc '13-'17	127½	+	9.40	9.15
		Undated				

BRITISH FUNDS—Contd

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
45⅝	42¾	Consols 4pc	43	+	9.16	-
40⅝	38⅛	War Loan 3½pc‡‡	38¾xd	+	9.03	-
70	60	Conv. 3½pc '61 Aft	66	+	5.27	-
41	31	Treas. 3pc '66 Aft	36	+	8.21	-
30¼	26¾	Consols 2½pc	27¾	+	9.01	-
29½	26¾	Treas. 2½pc	27	+	9.11	-

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
128¼	124	Treas 2pc IL '90(84.6)	128¼	+	-	2.77
106	103	Do. 2pc '92‡‡(97.8)	106⅝	+	2.70	3.65
99	94	Do. 2 '94 (102.9)	98xd	+	3.03	3.57
145	139¼	Do. 2pc '96(67.9)	144	+	3.24	3.63
124	118	Do 2½pc '01(78.3)	122	-	3.44	3.69
122	115⅝	Do. 2½pc '03(78.8)	120xd	-	3.47	3.70
125	117	Do. 2pc '06(69.5)	123	-	3.50	3.68
117⅝	110¼	Do. 2½pc '09(78.8)	115xd	-	3.51	3.68
123	114	Do. 2½pc '11(74.6)	120	-	3.51	3.67
102½	95¼	Do. 2½pc '13(89.2)	100	-	3.49	3.64
110	101¼	Do. 2½pc '16(81.6)	108	-	3.45	3.60
108⅝	100¾	Do. 2½pc '20(83.0)	105	-	3.42	3.54
91	84	Do. 2½pc '24‡‡(97.7)	89	-	3.39	3.51

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989: 112.3.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108	102	African Dv Bk 11¼Ln 2010	104	-	10.69	10.63
104⅝	99	Asian Dev Bk 10¼pcLn2009	100⅝xd	+	10.19	10.17
130	123	Australia 13½pc 2010	124xd	-	10.84	10.57
113	106	Do. 11¼pcLn2015	108xd	+	10.52	10.46
108	102	Euro Inv Bk 11pc Ln 2002	103¾	+	10.60	10.46
104	98	Do. 10¼pc2004	99	+	10.40	10.41
118	112	Int-Am Dev Bk 12½pc 2003	113	+	11.02	10.61
99¼	93	Do. 9¼pcLn 2015	94	+	10.27	10.31
97½	94½	Mlysia 10¾pcLn 2009	94½xd	.....	11.38	11.45
120	118	Utd. Mexican States 16½pc 2008	118	.....	13.98	13.80

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	100	Birmingham 13½pc 1989	100½xd	.....	13.43	11.20
111½	102½	Do. 11½pc 2012	105½xd	.....	10.90	10.85
91	87½	GLC 6¾pc 1990-92	87½xd	.....	7.71	11.70
124½	14½	Leeds 13½pc 2006	120½xd	.....	11.20	10.94
33	30	Liverpool 3½pc Irred	31xd	.....	11.29	-
94½	92	LCC 6¾pc '88-90	92½xd	.....	7.30	13.40
30	28	Do. 3pc '20 Aft	28xd	.....	10.71	-
107½	104½	Manchester 11½pc 2007	105½xd	.....	10.90	10.80

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988-92	88½	+	8.17	11.50
206	206	S Rhod 2½pc Non-Assd.	206	.....	-	-
84½	84½	Do. 4½pc 87-92 Assd.	84½xd	.....	5.33	9.33

LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		Building Societies				
99	98	B'wide Anglia 9½pc 8.5.89	99xd	+	9.51	12.97
99	98	Do. 8pc 30.5.89	99	+	8.97	13.53
99⅛	98	Do. 9pc 26.6.89	99⅛	+	9.87	13.38
99	98⅝	Do. 10pc 17.7.89	99	+	10.47	13.26
99⅝	98	Do. 11pc 7.8.89	99⅝	+	11.13	13.22
99	98	Do. 11pc 29.8.89	99	+	11.63	13.18
99	99	Do. 12pc 18.9.89	99	+	12.43	13.21
99	99	Do. 12pc 2.10.89	99	+	12.37	13.20
99	98	Do. 11pc 6.11.89	99xd	+	11.90	13.19
100	99	Do. 12pc 4.12.89	99	+	12.38	13.22
100	99	Do. 12pc 2.1.90	99	+	12.85	13.16
100⅝	99	Do. 12pc 29.1.90	99	+	12.63	13.18
100	99	Do. 12pc 26.2.90	99	+	12.75	13.18
102¼	99¼	Do. 3⅞pcIL Ln 2021	100xd	.....	4.42	4.51
		Public Board and Ind.				
98	95	Agric. Mt. 5pc '59-89	98	.....	5.10	-
47	45	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	.....	3	f7.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	f5.00
80	65	Hong. '24 Ass.	80	.....	2.75	f3.57
139	132½	Hydro Quebec 15pc 2011	133	-	15.00	10.93
128	122	Iceland 14½pc Ln 2016	123	+	14.50	11.59
97¼	94½	Ireland 9¾pc '91-96	95¼xd	.....	9.75	10.60

AMERICANS

1989 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
33	26¼	Abbott Laboratories‡	31⅞xd	+	$1.20	-	2.2
537p	361p	♦Allegheny & W 1c	517p	+2	30c	-	3.4
15	12	Amax $1	14⅛	.....	40c	-	1.6
11⅞	956p	Amdahl 5c	11¼xd	-	h10c	-	0.5
32	25½	Amer. Cyanamid $5	32	+	$1.20	-	2.2
19¼	14	Amer Express 60c	18xd	+	84c	-	2.6
12⅞	854p	Amer. Medical Int. $1	12⅝	.....	♦72c	-	3.3
20⅞	15¼	American T. & T. $1	20¼	-	$1.20	-	3.5
33¼	26	Ameritech $1	33¼	+	h$2.92	-	5.1
15⅛	9⅝	BankAmerica $1	15⅛	+	60c	-	2.3
25⅞	19¼	Bankers N Y. $1	25½xd	-	$2.08	-	4.8
47⅞	38½	Bell Atlantic $1	47⅞	+	$4.08	-	5.0
26½	19⅞	BellSouth Corp.	26½	+	$2.52	-	5.6
15⅞	12⅝	♦Bethlehem Steel $8	12⅝xd	-	-	-	-
11⅝	929p	♦Bio-Rad Labs. A	11⅛	-	-	-	-
17⅛	15¼	Bowater Inc	16⅞	.....	$1.12	-	4.0
12	9¼	Brunswick 75c	11¼xd	+	44c	-	2.3
33	28⅝	CPC Intnl. 25c	33	+	$1.60	-	2.8
19¼	17⅜	CSX $1	19⅛	+	$1.24	-	3.8
798p	333p	California Engy	632p	+2	-	-	-
25½	17¼	Campbell Soup 15c	24¼	-	92c	-	2.2
22	15	Chase Manhattan $12½	21xd	.....	$2.36	-	6.4
21½	17	Chem Banking Corpn	21⅛	.....	$2.72	-	7.4
16¼	14	Chrysler $6¼	14xd	+	$1.20	-	4.9
17⅞	14	Citicorp $1	17⅝xd	+	$1.48	-	4.9
230p	162p	CityFed Fin Corp.	173p	+4	4c	-	1.4
29⅛	25½	Colgate-Palmolive $1	28⅞xd	+	$1.48	-	3.0
21½	16⅞	Cons Freightways 62½c	18½	.....	98c	-	3.1
14⅛	10⅜	Cont'l Bank Corp $4	14⅛	+½	8c	-	0.3
387½p	300p	♦Corporate Data Scnce.	334p	.....	-	-	-
386p	278p	Cullinet Sftwr 1c	317p	+1	-	-	-
24⅛	21	Dana Corp. $1	24⅛	.....	$1.60	-	3.9
10	854p	Data General	10⅛	.....	-	-	-
32¼	28⅝	Dun & Bradstreet $1	31½	+	$1.74	-	3.2
34	30½	Eaton Corpn 50c	34xd	-	b$2.00	-	3.4
10¼	8⅞	Echlin Inc	9⅞xd	-	70c	-	4.1
18	16⅞	FPL Group 1c	17⅝xd	-	$2.20	-	7.3
32⅛	27⅝	Ford Motor $1	28⅝xd	+	$3.00	-	6.1
35¼	30	GATX 62½c	34	+	$2.00	-	3.3
28	24¼	Gen. Elect 63c	28xd	+	$1.64	-	3.4
567p	484p	♦General Host Corp $1	495p	-5	28c	-	3.3
22⅞	18¼	Gillette $1	22⅞	+	96c	-	2.5
769p	616p	Gt Am First Svgs Bk $1	723p	-5	60c	-	4.8
19	16	Greyhound $1½	18¼	-	$1.32	-	4.2
11½	847p	Hasbro Inc 50c	11	+	16c	-	0.9
8½	6	Home Group $1	7½xd	-	20c	-	1.6
43⅛	32¾	Honeywell $1½	42⅛	-	$2.10	-	2.9
17¼	15¼	Houston Inds.‡	17¼	+	$2.96	-	10.0
74⅝	63	IBM Corpn $1¼	67½	+	$4.84	-	4.2
52p	45p	♦Image Storage/R.Sys.1c	45p	.....	-	-	-
23	18¾	Ingersoll-Rand $2	22¼xd	+	$1.04	-	2.7
29⅝	22½	Lockheed Crpn. $1	27¼xd	.....	$1.60	-	3.4
18	15	Lone Star Inds $1	17xd	.....	$1.90	-	6.2
20¾	17½	Louisiana Land 15c	20⅜xd	-	$1.00	-	2.9
14⅞	11½	Lowe's 50c	14⅞	+	46c	-	1.9
21	15	Manuf. Hanover $1	20	-	$3.28	-	9.2
17	13	Merrill Lynch $1	16⅞	.....	$1.00	-	3.5
2253p	1910p	Molex Inc	2005p	+1	3.2c	-	-
23⅝	18⅛	Morgan (JP) $2½	21⅞xd	.....	$1.66	-	4.4
43⅝	36⅛	NYNEX $1	43⅛	.....	$4.04	-	5.5
21⅛	18¼	PHH Corp ‡	21⅛	+	$1.12	-	3.1
244p	220p	♦Pacific Agr.‡	244p	.....	-	-	-
21⅝	19	Pacificorp $3¼	21⅝xd	+	$2.64	-	7.1
22	16⅞	Pacific Telesis 10c	21⅞	+	$1.76	-	4.7
18⅛	15¼	Pall Corp. 25c	17⅞	-	48c	-	1.6
50	39	Pennzoil 83 1/3c	50⅛	+	$3.00	-	3.5
21½	17	Premark Intl	21½	+	60c	-	1.6
33	28⅛	Quaker Oats $5	32xd	-	$1.20	-	2.1
26¾	23½	Rep NY Corpn $5	25	+	$1.28	-	2.9
13¼	11	Rockwell Intl. $1	12xd	.....	72c	-	3.2
28¼	21⅝	Southwestern Bell $1	28⅛	.....	$2.48	-	5.1
23⅝	17	Sun Co. Inc. $1	23⅝	+	$1.80	-	4.4
26¾	22	TRW Inc. 62½c	26¾	+	$1.72	-	3.8
19	14⅜	TW Services $5	18⅞	-	10c	-	0.3
30	26¾	Tenneco $5	30	+	$3.04	-	5.7
32⅛	28	Texaco $6.25	31¼xd	.....	♦$3.00	-	5.5
25	21⅝	Texas Instr. $1	23xd	+	72c	-	1.8
69½	58⅝	Time Inc. $1	68	-	$1.00	-	0.8
17⅛	15	TRINOVA Corp	16xd	-	64c	-	2.3
20	16	USX $1	20	+	$1.40	-	4.0
164p	126p	♦Unilab	160p	.....	-	-	-
28⅞	22⅛	Utd. Technologies	28⅞	+½	$1.60	-	3.2
158p	128p	♦Utilitech Inc	138p	.....	-	-	-
37¼	31½	US West‡	37¼xd	+½	$3.76	-	5.8
28	22⅝	Waste Management $1	27¼xd	+	48c	-	1.0
16⅞	13½	Whirlpool $1	16¼	.....	$1.10	-	3.8
19⅝	16	Whitman Corp.	19¼xd	.....	96c	-	2.9
31⅞	28⅛	♦Woolworth $3½	30¼	-	$1.64	-	3.2

Continued on next page

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

ISLE OF MAN (**)

LUXEMBOURG (**)

Kleinwort Benson Group

	Bid Price	Offer Price	+ or -	Yield Gross
Transatlantic Gth Fd.	$15.56		+0.02	-
Transatlantic Inc. Fd	$10.23		-0.03	1.17

PFC Internatl Portfolio Fd Mngt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Specialist Growth Fd	$2.23	2.35	.....	-
Balanced Growth Fd	$2.06	2.17	.....	-
Sterling Income Fd	£1.48	1.56	.....	-
Strategic Reserve Fd	$1.04	1.10	.....	-

Taipei Fund
c/o Prudential-Bache Capital Funding (Equities) Ltd
NAV NT£2,208.60 IDR US$82.47 (Apr 27)

Taiwan (ROC) Fund
NAV Apr 27 NT$2,479.00 IDR Value US$92,431.02

Templeton Galbraith & Hansberger Ltd
Global Inc Apr 26 | $10.22 | 10.89

Money Market Trust Funds

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Treasury Acc	12.00	9.39	12.71	Qtr
Mth Int Chq £1000-£5000	11.75	9.19	12.54	Mth
Mth Int Chq £5,000+	12.00	9.39	12.81	Mth

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN. 01-625 7000

2,000-9,999	11.726	9.176	12.662	Qtr
£10,000+	12.052	9.431	13.026	Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01 601 6746

Money Mkt Cheque Acc	11.75	9.19	12.79	Mth

Barclays Prime Account

Money Market Bank Accounts

● Latest Share Prices are available on FT Cityline. To obta... Share Code Booklet ring the FT Cityline help desk on

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ∗ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ÷ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- † Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	γ	93	......
Craig & Rose £1	γ	720	....
Finlay Pkg 5p	γ	91	...
Holt (Jos) 25p	γ	1300	....

IRISH

Cap 8½% Ln 1991	£99¼	..
9pc Cap Ln 1996	£99	-¼
Fin 13% 97/02	£120	.....
Arnotts	455	......
Carrol (P.J.) γ	152	......
Hall (R. & H.)	155	......
Heiton Hldgs. γ	79	+3
Irish Ropes	190	......

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	25
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	25
Courtaulds	26
F'H Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS A	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50

Oils

Brit Petroleum	21
Do Int Certs	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fears hold dollar

THE DOLLAR edged slightly firmer in currency markets yesterday before easing back towards the close. After spending most of the day confined to a narrow range, the US unit finished little changed from Wednesday.

Investors are unwilling to push the US unit much higher for fear of attracting concerted central bank intervention. However, it retained a firm undertone after figures released on Wednesday showed a strong rise in first quarter Gross National Product.

But at the same time, fears of rising inflation appear to have been alleviated - at least for the time being - by a smaller than expected price deflator - a means of measuring inflation. This has led to speculation that interest rates may be at a peak, and was sufficient to deter investors from taking on the central banks. A rise in March of 0.8 per cent in US personal expenditure appeared to have little effect on the dollar.

The US unit eased to DM1.8765 from DM1.8785 and Y132.15 compared with Y132.20. Elsewhere, it finished at SFr1.6585 from SFr1.6580 and FFr6.3475 from FFr6.3575. On Bank of England figures, the dollar's exchange rate index was unchanged at 68.4.

The dollar's performance is likely to be influenced by reports that the Bank of Japan is considering an increase in its 2.5 per cent discount rate, following mounting pressure on domestic prices.

Sterling moved firmer during the morning but came back to finish unchanged from Wednesday. Its exchange rate index opened at 95.2 and touched a high of 95.3 before slipping to 95.1 at the close, the same as Wednesday's finish.

Better than expected trade data for March saw domestic interest rates continue to decline. Nevertheless, while a stable pound remains a key part in Government policy, the authorities are unlikely to allow rates to decline sufficiently to risk having overseas investors moving out of sterling.

The pound rose to $1.6910 from $1.6885, but was unchanged against the D-Mark at DM3.1725. Against the yen it closed at Y223.50 from Y223.25. Elsewhere, it finished at SFr2.8050 from SFr2.8000 and FFr10.7325 from FFr10.7350.

The D-Mark showed very little reaction to news that West German withholding tax is to be abolished from July 1. The decision had been widely expected in the market. Against the French franc, the D-Mark finished at FFr3.3825 from FFr3.3845. So far, there is little to suggest that the capital outflows caused by the introduction of the tax just four months ago will automatically be reversed.

The Canadian dollar was supported by the Bank of Canada on at least three separate occasions, after confidence was undermined by a leaked Budget report. This suggested that proposed cuts in the deficit would be less than had been generally hoped for. The US dollar closed in London at C$1.1935 from C$1.1900 on Wednesday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5446	+2.56	+0.88	±1.5344
Danish Krone	7.85212	8.09576	+3.10	+1.42	±1.5404
German D-Mark	2.05853	2.08007	+1.05	-0.63	±1.0981
French Franc	6.90403	7.03687	+1.92	+0.24	±1.3674
Dutch Guilder	2.31943	2.34562	+1.13	-0.55	±1.5012
Irish Punt	0.768411	0.779349	+1.42	-0.26	±1.6684
Italian Lira	1483.58	1523.69	+2.70	+1.72	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr.27	Latest	Previous Close
£ Spot	1.6915-1.6925	1.6900-1.6910
1 month	0.40-0.39pm	0.43-0.42pm
3 months	1.19-1.17pm	1.22-1.20pm
12 months	4.00-3.90pm	4.05-3.92pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.27	Previous
8.30 am	95.2	95.1
9.00 am	95.3	95.1
10.00 am	95.2	95.2
11.00 am	95.2	95.1
Noon	95.1	95.2
1.00 pm	95.1	95.2
2.00 pm	95.2	95.2
3.00 pm	95.1	95.1
4.00 pm	95.1	95.1

POUND SPOT- FORWARD AGAINST THE POUND

Apr.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6875 - 1.6975	1.6905 - 1.6915	0.41-0.38cpm	2.80	1.23-1.19pm	2.86
Canada	2.0145 - 2.0290	2.0175 - 2.0185	0.06pm-0.06cdis	-	0.30-0.14pm	1.31
Netherlands	3.57¼ - 3.58¼	3.57¼ - 3.58¼	1¾-1⅝cpm	5.87	5¼-5pm	5.73
Belgium	66.25 - 66.60	66.30 - 66.40	28-23cpm	4.61	80-73pm	4.61
Denmark	12.33¼ - 12.36½	12.33 - 12.34	4¾-3¼orepm	4.13	12½-11½pm	3.89
Ireland	1.1860 - 1.1915	1.1880 - 1.1890	0.40-0.35ppm	3.79	1.10-1.00pm	3.53
W. Germany	3.16¼ - 3.17¼	3.17 - 3.17½	1¼-1⅛pfpm	6.38	5-4¾pm	6.15
Portugal	261.40 - 263.15	261.95 - 262.95	3-25cdis	-0.64	2-91dis	-0.71
Spain	196.45 - 197.35	196.55 - 196.85	10pm-10cdis	-	8-18dis	-0.20
Italy	2321¼ - 2329	2322½ - 2323½	4-1lirepm	1.29	8-5pm	1.12
Norway	11.50¼ - 11.54	11.50¾ - 11.51¾	2-1orepm	1.56	5¼-4¾pm	1.67
France	10.71½ - 10.75½	10.72¾ - 10.73¾	4-3¾cpm	4.12	10¼-10pm	3.87
Sweden	10.75¼ - 10.80	10.75¼ - 10.76¼	1½-¾orepm	1.32	3¼-2¾pm	1.23
Japan	223 - 224¼	223 - 224	1¾-1½ypm	8.72	4½-4¾pm	7.94
Austria	22.28 - 22.38	22.31 - 22.34	11¾-11gropm	6.11	33¾-30¾pm	5.78
Switzerland	2.79¾ - 2.81	2.80 - 2.81	1½-1¼cpm	5.88	4¾-4¼pm	6.06

Belgian rate is convertible francs. Financial franc 66.65-66.75. Six-month forward dollar 2.31-2.26cpm 12 months 4.05-3.95cpm

CURRENCY RATES

Apr 27	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.766140	0.655114
U S Dollar	7	1.30014	1.10878
Canadian $	12.39	1.54717	1.32799
Austrian Sch.	5	17.1150	14.6370
Belgian Franc	7.75	50.8972	43.5446
Danish Krone	7½	9.45657	8.09576
Deutsche Mark	4.50	2.43126	2.08007
Neth.Guilder	5.50	2.74265	2.34562
French Franc	9½	8.22924	7.03687
Italian Lira	13½	1782.52	1523.69
Japanese Yen	2½	170.838	146.692
Norway Krone	8	8.82665	7.54858
Spanish Peseta	-	150.855	129.029
Swedish Krona	9½	8.26629	7.06626
Swiss Franc	4.5	2.14783	1.83669
Greek Drach.	20½	207.499	177.194
Irish Punt	-	0.911610	0.779349

*All SDR rates are for Apr.26

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6875 - 1.6975	1.6905 - 1.6915	0.41-0.38cpm	2.80	1.23-1.19pm	2.86
Ireland†	1.4200 - 1.4280	1.4245 - 1.4255	0.15-0.20cdis	-1.48	0.35-0.45dis	-1.12
Canada	1.1885 - 1.1995	1.1930 - 1.1940	0.26-0.30cdis	-2.81	0.70-0.76dis	-2.44
Netherlands	2.1060 - 2.1190	2.1155 - 2.1165	0.55-0.53cpm	3.06	1.57-1.53pm	2.93
Belgium	39.05 - 39.35	39.20 - 39.30	6.50-5.00cpm	1.76	19.00-16.00pm	1.78
Denmark	7.26½ - 7.31	7.29¼ - 7.29¾	0.90-0.65orepm	1.27	2.15-1.75pm	1.07
W. Germany	1.8665 - 1.8790	1.8760 - 1.8770	0.57-0.54pfpm	3.55	1.63-1.58pm	3.42
Portugal	154.75 - 156.20	155.10 - 155.20	37-52cdis	-3.44	110-160dis	-3.48
Spain	115.95 - 116.50	116.30 - 116.40	35-45cdis	-4.13	103-113dis	-3.71
Italy	1369 - 1376	1373¼ - 1374¼	1.30-1.80liredis	-1.35	5.40-5.90dis	-1.64
Norway	6.78¼ - 6.81½	6.80½ - 6.81	0.63-0.88oredis	-1.33	1.85-2.15dis	-1.17
France	6.32 - 6.35½	6.34½ - 6.35	0.62-0.57cpm	1.13	1.55-1.45pm	0.95
Sweden	6.35 - 6.38	6.36¼ - 6.36¾	0.70-0.85oredis	-1.46	2.45-2.70dis	-1.62
Japan	131.95 - 132.45	132.10 - 132.20	0.63-0.61ypm	5.63	1.71-1.68pm	5.13
Austria	13.15¼ - 13.21½	13.19¾ - 13.20¼	3.65-3.25gropm	3.14	10.70-9.50pm	3.06
Switzerland	1.6490 - 1.6590	1.6580 - 1.6590	0.47-0.44cpm	3.30	1.39-1.35pm	3.31

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.40-39.50.

CURRENCY MOVEMENTS

Apr.27	Bank of England Index	Morgan** Guaranty Changes %
Sterling	95.1	-16.4
U.S Dollar	68.4	-10.0
Canadian Dollar	102.5	-0.5
Austrian Schilling	106.6	+9.9
Belgian Franc	105.8	-6.1
Danish Krone	103.0	-1.8
Deutsche Mark	112.8	+20.5
Swiss Franc	104.4	+13.5
Guilder	110.1	+13.0
French Franc	99.5	-15.2
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Apr.27	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12¼-11¾	12¼-12	12⅞-12¾	13-12⅞	13-12⅞	13-12⅞
US Dollar	9¾-9⅝	9⅞-9¾	9⅞-9¾	9⅞-9¾	10-9⅞	10⅛-10
Can. Dollar	12½-12¼	12½-12¼	12½-12¼	12½-12¼	12½-12¼	12½-12¼
D. Guilder	6¾-6⅝	6¾-6⅝	6⅞-6¾	6⅞-6¾	7⅛-6⅞	7⅜-7¼
Sw. Franc	6½-6¼	6½-6¼	6⅝-6⅜	6⅝-6½	6⅝-6½	6¾-6⅝
Deutschmark	5¾-5⅝	6⅛-5⅞	6⅜-6¼	6⅝-6½	6⅞-6¾	6⅞-6¾
Fr. Franc	8⅝-8⅜	8¾-8½	8¾-8⅝	8⅞-8¾	9-8⅞	9¼-9
Italian Lire	11-9	11½-10½	11⅝-11⅜	11⅞-11⅝	12-11⅝	12¼-11¾
B. Fr. (Fin)	8⅝-8⅜	8⅝-8⅜	8¾-8½	8⅞-8¾	8⅞-8¾	8⅞-8¾
B. Fr. (Con)	8⅝-7⅞	8⅝-8	8⅝-8	8⅞-8⅝	8⅞-8⅝	8⅞-8⅝
Yen	4⅜-4¼	4⅜-4¼	4⅜-4¼	4⅞-4¾	5-4⅞	5⅛-5
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

*Selling rate

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Prices rise as UK rates fall

A MORE relaxed mood, following the announcement of better than feared UK trade figures on Wednesday, pushed short sterling and long gilt futures firmer on Liffe yesterday.

June short sterling rose 13 basis points to 87.10, keeping in line with the movement in cash rates. Three-month sterling interbank fell ⅛ per cent on the money market, which is equivalent to a rise of 12 points on the futures contract.

The market was thin, with June delivery trading less than 18,000 lots, as dealers began to look towards the long May Day weekend. The buying that did develop reflected the belief that base rates are unlikely to fall before June, but when taking into account the cost of carry, the June contract should be above 87.00 at delivery. A price of 87.00 is equal to a cash interest rate of 13 per cent.

At last night's closing price the contract appears to be fully valued however, and gives no premium for the risk that base rates may go up in the meantime. June long gilt futures rose to 95-28 from 95-22.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
92	357	453	1	5
93	258	359	2	11
94	160	304	4	20
95	106	220	14	36
96	31	142	39	58
97	12	110	120	126
98	3	48	211	200

Estimated volume total, Calls 446 Puts 377
Previous day's open int. Calls 31326 Puts 22729

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	611	627	1	21
86	413	445	3	39
88	222	311	12	105
90	51	155	41	149
92	10	62	200	256
94	2	30	356	424
96	1	14	555	608

Estimated volume total, Calls 18 Puts 100
Previous day's open int. Calls 2990 Puts 2213

LIFFE BUND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9250	152	155	5	43
9300	107	122	10	60
9350	67	94	20	82
9400	37	70	40	108
9450	18	51	71	139
9500	9	36	112	174
9550	5	25	158	213

Estimated volume total, Calls 974 Puts 1223
Previous day's open int. Calls 5277 Puts 7178

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements May	Calls-settlements Jun	Puts-settlements May	Puts-settlements Jun
155	—	1410	—	1
160	910	910	0	10
165	410	420	9	77
170	63	139	173	296
175	1	27	611	684
180	0	3	1110	1160
185	0	0	1610	1657

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 160 Puts 1600

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
8950	75	96	3	17
8975	54	78	7	24
9000	35	61	13	32
9025	21	48	24	44
9050	11	36	39	56
9075	5	25	58	71
9100	2	17	80	88

Estimated volume total, Calls 30 Puts 200
Previous day's open int. Calls 3705 Puts 4713

LIFFE SHORT STERLING

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
8650	67	120	7	11
8675	46	100	11	16
8700	28	81	18	22
8725	16	64	31	30
8750	8	49	48	40
8775	4	37	69	53
8800	1	26	91	67

Estimated volume total, Calls 2121 Puts 990
Previous day's open int. Calls 24680 Puts 26827

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Jun	95-28	95-29	95-18	95-22
Sep	96-24			96-18

Estimated Volume 7140 (24198)
Previous day's open int. 21904 (24158)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Jun	92-23			92-15
Sep				

Estimated Volume 0 (0)
Previous day's open int. 165 (165)

US TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

6% NOTIONAL GERMAN GOVT. BOND
DM 250,000 100ths of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

[illegible]

THREE MONTH STERLING
£500,000 points of 100%

[illegible]

THREE MONTH EURODOLLAR
$1m points of 100%

[illegible]

THREE MONTH EUROMARK
DM 1m points of 100%

[illegible]

FT-SE 100 INDEX
£25 per full index point

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6910	1.6871	1.6789	1.6682	1.6510

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6858	1.6866	1.6842	1.6824
Sep	1.6742	1.6742	1.6736	1.6706
Dec	-	-	-	1.6624

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
1.650	4.07	4.42	4.60	5.30	0.07	0.68	1.26	2.46
1.675	2.05	2.64	2.99	3.85	0.47	1.49	2.11	3.56
1.700	0.71	1.51	1.89	2.71	1.60	2.75	3.45	4.93
1.725	0.18	0.67	1.07	1.88	3.45	4.48	5.12	6.53
1.750	0.02	0.24	0.55	1.24	5.77	6.54	7.06	8.32
1.775	-	0.04	0.23	0.77	8.22	8.93	9.21	10.28
1.800	-	-	0.08	0.44	10.71	11.18	11.49	12.38

Previous day's open int: Calls 400,755 Puts 402,916 (All currencies)
Previous day's volume: Calls 46,304 Puts 32,545 (All currencies)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Jun	89-21	89-26	89-16	89-21
Sep	89-18	89-23	89-15	89-19
Dec	89-16	89-20	89-15	89-17
Mar	89-16	89-16	89-16	89-15

[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Jun	0.7618	0.7619	0.7610	0.7628
Sep	0.7709	0.7709	0.7698	0.7720
Dec	0.7795	0.7795	0.7790	0.7812
Mar	0.789	-	0.7890	0.7904

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

[illegible]

STANDARD & POORS 500 INDEX 500 times index

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 55,930
A=Ask B=Bid C=Call P=Put

MONEY MARKET

Bucking the trend

BRITAIN AND France have so far resisted the upward trend in interest rates prompted by the rise in the West German Bundesbank's discount rate last week, but upward pressure remained evident in other parts of Europe.

London money market rates fell, after Wednesday's UK trade figures for March appeared to remove the immediate fear of higher bank base rates. Three-month interbank finished at 12 15/16-12 13/16 per cent compared with 13 1/16-12 15/16.

UK clearing bank base lending rate 13 per cent from November 25

In Paris the Bank of France kept its money market intervention rate at 8.25 per cent when adding liquidity at a securities repurchase tender, and also left its five to 10-day securities repurchase rate at 9 per cent. This was the first opportunity for the Bank of France to indicate the level of its key lending rates since the rise in the Bundesbank's discount rate.

In Stockholm the problems of an overheating economy were again highlighted by a rise in the Swedish Central Bank's discount rate by 1 per cent to 9.5 per cent. Earlier this week the Government unveiled a revised Budget, proposing higher indirect taxation to cool the economy. Higher international rates were also behind yesterday's move, according to the central bank.

In Dublin the Irish Central Bank increased its key short term facility rate - the level at which funds are lent to commercial banks - by 1 per cent to 9 per cent.

In Amsterdam the Dutch Central Bank left its rate for special advances at 6.7 per cent, when providing Fl 3.2bn of four-day money for the banking system. This replaces a three-day pact of Fl 341m. The Dutch Central Bank raised the advances rate to 6.7 per cent from 6.5 per cent last week.

In London the Bank of England initially forecast a money market credit shortage of £250m, but revised this to £300m at noon. Total assistance of £300m was provided.

Before lunch the authorities bought £215m bills outright, by way of £140m Treasury bills in band 1 at 12⅞ per cent and £75m bank bills in band 1 at 12⅞ per cent. In the afternoon another £85m Treasury bills were purchased in band 1 at 12⅞ per cent.

Exchequer transactions drained £495m from the market, with a rise in the note circulation absorbing £85m and bank balances below target £40m. These outweighed bills maturing outside official hands adding a net £352m to liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.27) 3 months US dollars		6 months US Dollars	
bid 9⅞	offer 10	bid 9 15/16	offer 10 1/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11½
Broker loan rate	10¾-½
Fed.funds	9 15/16
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	7.99	Three year	9.17
Two month	8.63	Four year	9.12
Three month	8.69	Five year	9.07
Six month	9.00	Seven year	9.05
One year	9.12	10-year	9.04
Two year	9.21	30-year	8.92

Apr.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.50-5.75	6.10-6.25	6.25-6.40	6.45-6.60	6.60-6.75	6.00
Paris	8⅜-8⅝	8⅝-8¾	8 11/16-8 13/16	8¾-8⅞	8 13/16-8 15/16	7.25
Zurich	5¾-6¼	6¼-6½	-	6¼-6⅝	-	-
Amsterdam	6.75-6.88	6.75-6.85	-	6.87-6.97	-	-
Tokyo	4⅛-4¼	4⅝-4 11/16	-	4¾-4 13/16	-	-
Milan	12¼-12½	11½-12	-	12¼-12⅝	-	-
Brussels	8.05	8⅛-8⅜	-	8⅜-8⅝	-	-
Dublin	7¾-8	8⅝-8⅞	8¾-9	9-9¼	9⅜-9⅝	-

LONDON MONEY RATES

Apr.27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13½	12¾	12 15/16	13	13	13
Interbank Bid	10	12	12 13/16	12⅞	12⅞	12⅞
Sterling CDs	-	-	12 13/16	12¾	12 13/16	12⅞
Local Authority Deps.	12	12¾	12⅝	12¾	12¾	12¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	12⅝	12⅝	12½	12⅝	-	-
Company Deposits	-	-	12¾	13	13	12 15/16
Finance House Deposits	-	-	12¾	12 15/16	13⅛	13⅛
Treasury Bills (Buy)	-	-	12 13/16	12 13/16	-	-
Bank Bills (Buy)	-	-	12½	12½	12⅞	-
Fine Trade Bills (Buy)	-	-	13¼	13¼	12 15/16	-
Dollar CDs	-	-	9.90	9.90	10.00	90.15
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

BASE LENDING RATES

[illegible]

JOTTER PAD

CROSSWORD

No.6,921 Set by DINMUTZ

ACROSS

1 Diary confirmed by the French (9)
6 Injured in arena, show signs of embarrassment (5)
9 What is sometimes bent in the Spanish salute? (5)
10 Citadel processing copra oils (9)
11 Surveillance craft used by the police, right? (10)
12 Response from the chorus (4)
14 Father is leading boy for a thrill in Paris (7)
15 Plays with the rate of exchange (7)
17 But they do play at home! (7)
19 Giving money away – or cautious about it? (7)
20 First person on a Scottish island (4)
22 He could be a striker or back at work (10)
25 Lots ordinally? (9)
26 Volume, say, of soughs (5)
27 Striking effect of city area not entirely defunct (5)
28 Bank customer – one trapped by faulty doorstep (9)

DOWN

1 Bar, we hear, of Dvorak for example (5)
2 Dissenter Leo, rising (9)
3 One who renders accounts through the normal channels (10)
4 Means to help climber with purchase? (7)
5 Gain by Labour set out as serious (7)
6 Break point brings yawn (4)
7 Saintly memorial of high priest in church (5)
8 Record club decidedly a find (9)
13 Foot-long skeleton (10)
14 How to describe things at home? (9)
16 Rear lamp makes shadow faint (4-5)
18 SEN Wood somehow passed out (7)
19 What a sauce, to draw level, say (7)
21 Plane crash in mountainous country (5)
23 One stands upright in flight (5)
24 No longer known as county (4)

Solution to Puzzle No.6,920

WORLD STOCK MARKETS

CANADA

TORONTO

2pm prices April 27

INDICES

NEW YORK — DOW JONES

	Apr 26	Apr 25	Apr 24	Apr 21	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2389.11	2386.91	2402.68	2409.46	2409.46 (21/4)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.53	88.45	88.37	88.33	89.62 (8/2)	87.35 (23/3)	-	-
Transport	1127.91	1129.85	1140.85	1136.64	1140.85 (24/4)	959.95 (5/1)	1140.85 (24/4/89)	12.32 (8/7/32)
Utilities	190.61	189.90	191.15	190.97	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2404.14 (2421.55) Low 2373.90 (2378.85)

STANDARD AND POOR'S	Apr 26	Apr 25	Apr 24	Apr 21	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	306.93	306.75	308.69	309.61	309.61 (21/4)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	353.98	353.91	356.15	357.49	357.49 (21/4)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.47	28.50	28.70	28.83	28.83 (21/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	171.75	171.60	172.49	172.90	172.90 (21/4)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	343.41	343.07	342.76	342.59	343.41 (26/4)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	423.38	422.71	423.18	423.76	423.76 (21/4)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Apr 21	Apr 14	Apr 7	year ago (approx.)
Dow Industrial Div. Yield	3.46	3.57	3.62	3.47

	Apr 19	Apr 12	Apr 5	year ago (approx.)
S & P Industrial div. yield	3.05	3.12	3.16	2.94
S & P Indl. P/E ratio	13.62	13.26	13.09	15.35

TRADING ACTIVITY † Volume (Millions)

	Apr 26	Apr 25	Apr 24
New York	146.090	165.430	142.881
Amex	9.743	12.025	10.728
OTC	136.660	123.650	98.172

NEW YORK	Apr 26	Apr 25	Apr 24
Issues Traded	1,942	1,966	1,947
Rises	719	681	639
Falls	686	820	788
Unchanged	537	465	520
New Highs	85	98	96
New Lows	17	20	19

CANADA

TORONTO	Apr 26	Apr 25	Apr 24	Apr 21	1989 High	1989 Low
Metals & Minerals	3347.0	3364.7	3376.3	3341.0	3564.9 (6/2)	3207.5 (3/1)
Composite	3578.1	3585.2	3606.2	3602.5	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1807.83	1810.35	1822.35	1817.61	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texas Eastern	1,985,500	51⅞	----	Xerox	1,389,000	67⅞	+ 2⅞
Security Pacif (xd)	1,841,000	41⅞	+ ⅛	McGraw-Hill	1,366,100	74	- 3⅝
Pan Am	1,806,000	4½	+ ¼	Exxon	1,313,000	43¼	- ⅝
Union Carbide	1,586,300	30⅞	----	IBM	1,301,600	114½	----
AT&T	1,464,200	34½	- ⅛	USX Corp	1,221,900	34⅞	+ ⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 27	Apr. 26	Apr. 25	Apr. 24	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1479.9	1472.5	(c)	1476.1	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	676.8	668.8	(c)	672.6	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	312.76	310.58	309.63	308.47	312.76 (27/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5898.31	5912.77	5926.41	5920.66	5926.89 (20/4)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	299.91	298.64	298.32	298.26	299.91 (27/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	806.2	803.1	802.3	801.1	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	457.8	464.6	468.4	470.4	470.4 (24/4)	417.9 (4/1)
Ind. Tendance(30/12/88)	108.6	109.0	110.0	111.3	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	576.5	577.27	573.85	575.56	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1717.8	1717.7	1710.3	1714.5	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1369.57	1373.04	1372.42	1368.38	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3077.26	3118.67	3118.73	3095.99	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	611.53	615.32	(c)	620.30	620.30(24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33500.83	33434.93	33244.78	32805.9	33500.83 (27/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2471.5	2461.02	2448.73	2422.98	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl. Rtn. Gen. (End 1983)	239.4	237.4	237.3	237.5	239.4 (27/4)	208.3 (3/1)
CBS All Shr (End 1983)	190.6	189.1	189.1	189.2	190.6 (27/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	636.40	651.39	659.08	656.80	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1253.17	1250.31	1246.11	1247.24	1258.33 (17/4)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1527.0♦	1518.0	1525.0	1515.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2571.0♦	2560.0	2559.0	2550.0	2571.0 (27/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	296.30	295.95	296.00	295.95	297.29 (10/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3896.5	3871.3	3858.7	3804.4	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	680.6	676.8	675.4	677.7	680.6 (27/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	511.0	511.7	510.7	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 27 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Metal	53.4m	908	+19	Yamashita-Shinnihon	18.5m	504	+44
Kawasaki Steel	40.0m	1,020	+45	Nisshin Steel	16.1m	1,890	+20
Dainippon Ink	25.3m	983	-1	Nippon Seiko	14.7m	1,130	+60
Nippon Steel	22.3m	940	+23	Nissan Diesel Motor	14.4m	1,090	-10
Nippon Yusen	18.9m	1,100	-20	NKK	14.0m	945	+30

3pm prices April 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
29⅛	21¾	AAR	.44	1.5	20	250	u29¾	29	29¼	+ ⅛
10⅛	8⅞	ACM n	1.01	12.		90	8⅞	8¾	8¾	- ⅛
11⅞	10¼	ACMIn	1.26a	12.		235	10⅜	10⅜	10⅜	
10⅛	8½	ACM M	n1.01	11.		278	9	8¾	8⅞	
11½	10⅛	ACM Sc	1.26	12.		372	10⅝	10½	10½	
10⅛	8⅜	ACMSp	n.93e	11.		433	8¾	8⅝	8¾	
6⅝	3⅞	AM Intl				212	5⅞	5¾	5⅞	+ ⅛
23½	16⅞	AM Int pf	2	8.9		16	22⅞	22¼	22⅞	
64	39	AMR			6	5645	u64⅛	62¼	63⅞	+ 1⅛
26⅛	23	ANR pf	2.67	11.		13	25½	25⅜	25⅜	- ⅛
24⅞	23	ANR pf	2.12	8.8		2	24	24	24	
9½	4⅛	ARX				56	4⅝	4½	4½	
47	36¼	ASA	3a	7.1		128	42⅛	42	42	- ⅛
20¼	14¼	AVX	.24	1.3	9	280	18⅞	18½	18⅝	+ ⅜
55¾	42⅞	AbtLab	1.40	2.5	16	2114	55¾	54⅝	55¾	+ 1¼
19	15⅜	AbitiBt g	1			71	16¾	16½	16¾	+ ⅛
12⅛	7½	AcmeC	.40	3.9		73	10⅜	10⅜	10⅜	
8	5⅞	AcmeE	.32	4.2	27	33	7¾	7⅝	7⅝	- ⅛
31⅛	20¼	Acuson			27	601	u32⅛	31½	31⅝	+ ½
16⅞	14¼	AdaEx	1.92e	12.		109	14⅞	14⅝	14⅞	+ ⅛
18⅞	7⅛	AMD				2070	9⅛	8⅞	9	+ ⅛
43½	28⅜	AMD pf	3	9.0		17	33⅛	33⅜	33⅛	
8⅝	6½	Adobe				317	6⅝	6¾	6¾	+ ⅛
18¾	16½	Adob pf	?.84	11		256	17¼	17⅛	17¼	+ ⅛
9⅛	5⅞	Advest	.12	1.7	17	197	7	6¾	7	+ ⅛
54⅞	39½	AetnLf	2.76	5.3	9	1866	52⅞	52⅛	52⅞	- ⅛
44½	24	AflPb s	.22	.5		1151	42⅞	42⅛	42⅞	+ ½
18⅞	13¼	Ahmans	.88	4.6	9	5613	u19⅛	18⅝	19	+ ⅛
4⅞	2⅞	Aileen			19	16	3⅜	3⅜	3½	+ ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 53

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– S–S–S –								
34½	30⅝	SCEcp	2.48	7.6	11	1803	32⅝	32½	32½	– ⅛
9½	6½	SCOR U	.10e	1.2	6	44	8⅜	8⅜	8⅜	– ⅛
9⅜	7⅛	SL Ind	.175	2.1		61	8	8	8	
55⅛	28⅞	SPSTec	1.20	2.1	26	76	u56⅛	54⅞	55	+1⅛
44⅝	30⅛	SPX Cp	1.20a	3.1	11	629	39⅞	39	39⅛	+ ⅛
26	25	SPX wi				22	u26⅛	26⅛	26⅛	+ ⅛
38⅛	19	SSMC				595	38½	38⅛	38⅛	– ⅜
22⅞	13⅛	Saatchi	1.02e	7.2	5	1483	14⅛	13⅞	14⅛	+ ⅛
15⅝	11⅛	SabnR	1.30e	10.	10	148	15⅛	15	15	
19	13½	SfgdSc			11	60	16½	16⅛	16⅜	+ ⅛
29½	21⅛	SafKln	.36	1.2	23	696	u30	29½	29⅝	+ ⅛
9⅛	8	SahCas	1.12	13.		37	8⅝	8⅜	8⅜	+ ⅛
26⅞	10⅞	Salant			13	7	26⅞	26⅛	26⅛	
98⅛	72⅜	Salick	.80	.8	17	960	96½	95⅞	96½	+ ⅛
42	37	SallM	pf2.50e	6.8		9	37	37	37	–1½
29⅞	19⅝	Salomn	.64	2.7	14	3891	23⅞	23½	23⅞	+ ⅛
39½	30⅞	SDieGs	2.70	7.1	13	891	38½	37⅞	38⅛	+ ⅛
9⅜	6⅛	SJuanB	.25e	2.8	28	42	9	9	9	
16⅜	11⅞	SJuanR	2.25c		14	15	u16⅝	16⅞	16⅞	
34⅛	26½	SAnitRt	2.06	6.6	20	109	31⅞	31⅛	31⅞	+ ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44¼	29⅛	XTRA	.72	1.8	15	45	41	40⅛	40⅛	– ⅛
33	25	XTRA pf	1.94	6.0		8	32⅛	32	32⅛	+ ⅛
3⅛	2	Zapata				341	3⅛	3⅛	3⅛	– ⅛
27⅞	18⅝	Zayre	.40	1.5	174	2693	26⅞	25⅛	26⅛	+ ⅛
15½	10½	Zemex	.40	3.7	22	1	10⅞	10⅞	10⅞	
30	16½	ZenithE			919	680	18½	18⅛	18⅛	
10⅛	8⅞	Zeninc	1.26	14.		194	9⅛	9	9	– ⅛
2⅛	1	vjZenLb				254	1⅞	1⅛	1⅛	
21⅛	15	ZenNtl	.80b	4.4	9	109	18⅛	17⅛	18⅛	+ ½
19⅞	13⅛	Zero	.44	2.3	16	195	19⅝	19⅛	19½	+ ⅛
29½	19	Zurnin	.68	2.3	16	1221	29⅞	29	29⅛	+ ⅛
11⅛	10	Zweig	1.07e	9.8		189	10⅞	10⅜	10⅞	
10⅛	8⅛	ZweigT	n.24e	2.7		513	9⅛	8⅞	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices
April 27

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
ProfCre		9	5	3⅛	3⅛	3⅛	
		– R–R –					
RBW		20	1	7⅝	7⅝	7⅝	– ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 27

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICA

Dow climbs to a post-crash record

Wall Street

REMARKS from US Federal Reserve officials signalling that monetary policy would not be tightened further for the time being, combined with rumours of a weak purchasing managers report early next week, sent equities surging to another post-October 1987 crash high, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average stood 27.68 points higher at a post-crash peak of 2,416.79, improving substantially on the previous high last Friday of 2,409.46. Volume was active with 131m shares changing hands by midsession.

The sharp rally in equities followed a lacklustre performance in the previous three sessions this week and paralleled a strong rally in Treasury bonds which took the yield on the benchmark long bond down to 8.90 per cent.

The main factor behind yesterday's sharp rises in US financial markets was confirmation from Fed officials that the central bank has stopped pushing interest rates higher.

Mr Robert Boykin, president of the Federal Reserve Bank of Dallas and a known inflation hawk, said that the Fed needed to observe and see the results of the tightening so far. Mr Wayne Angell, Fed governor, said that it was not a good idea to make too many moves in one direction in interest rates without waiting to see their results.

These comments served to confirm what most in financial markets had already thought. In that sense, the new wait-and-see stance of the Fed is not news but investors and traders still appeared to derive comfort from the Fed's overt acknowledgement.

The very positive tone of markets at the outset was reinforced by a number of other factors. First, the dollar, which might have been expected to weaken because the prospect of higher interest rates had dimmed, held very steady.

Second, some components of yesterday's personal income and expenditure figures for March seemed to signal softness in the consumer sector. Consumer spending rose by only 0.2 per cent last March, about half of what had been expected, and the savings rate rose to its highest level since May 1985. Dealers all but ignored a sharper than expected jump of 0.8 per cent in personal income.

Third, rumours started to circulate around the markets around mid-morning that the April US purchasing managers' index, closely watched as an economic indicator and due to be published on Monday, will fall below 50 per cent.

The 50 per cent level is the dividing line between an expanding and contracting economy. In March, the index fell to 50.4 per cent.

In recent sessions, the equity market has interpreted any data which signals economic slowdown bullishly in spite of evidence that inflation is on a rising trend.

Any concern about the economy sliding into recession appears to be firmly in the back of people's minds as evidenced by yesterday's surge to post-crash peaks partly on rumours that Monday's report will point to a recession.

Among featured stocks yesterday were Boeing and United Technologies which were lifted by news of a substantial order from United Airlines. Boeing jumped $1¾ to $75¾ and United Technologies surged $2½ to $51¾.

CNW added $1⅜ to $42⅛ after Japonica, which already owns an 8.8 per cent stake in the company, produced a takeover offer worth $44 a share in cash and preferred stock.

Xerox added $⅝ to $68¼, extending Wednesday's gain of $2⅝. The company posted first quarter net income of $1.48 a share.

US Shoe dropped $⅝ to $17⅛

Canada

INVESTOR relief that Finance Minister Mr Michael Wilson did not resign over a Budget news leak, and that the Budget did not cut capital gains exemptions or impose a heavy tax on banks, sent prices sharply higher at mid-session in Toronto .

The composite index rose 19.43 to 3,597.59. Advances and declines were even.

SOUTH AFRICA

DEMAND for special situation stocks lifted Johannesburg yesterday in a thin market. A weak financial rand also helped prices to firm.

Peugeot roars past industry rivals

Hilary de Boerr reports on Europe's car stocks in the first quarter

PEUGEOT finished well ahead of other car makers in the first leg of this year's European stocks Grand Prix, racing ahead with a rise of 23.5 per cent in the opening quarter.

The French group, which has shifted to a lower gear in the past few sessions in line with the weaker French market, had a powerful run, beating not only fellow automobile stocks in Europe but also its own stock market. The issue outperformed the Paris bourse by 16.6 per cent to become the market's 10th best performer in the first three months, according to the FT-Actuaries World Indices in local currency terms.

Peugeot's phenomenal recovery this year – after rising by just 2.7 per cent relative to its stock market last year – has been fuelled by several factors and has occurred in spite of indications that the car industry boom is slowing down as high interest rates soften demand.

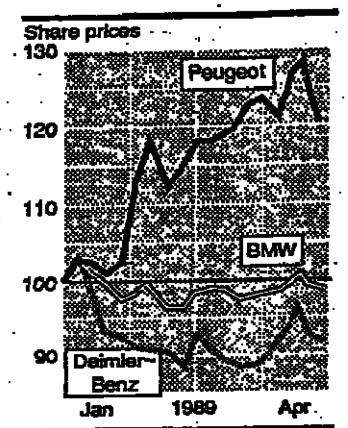
The French group has tackled its high gearing, which proved a drag on both earnings and the stock price. It has introduced a more modern range of cars and reduced its labour costs, giving it what one industry analyst says is the best cost margins position not only among European car makers but also of those in the US.

The facts back this up: Peugeot reported a 32 per cent jump in net profits for last year and is maintaining its position as the fastest growing European volume car maker.

The stock still has lots of fans. Mr Stephen Reitman, at UBS Phillips & Drew, believes the share price could rise by a further 45 per cent before reflecting its true value and says: "In terms of its re-rating, we ain't seen nothing yet."

Peugeot's performance was in marked contrast to its German counterparts, which failed even to cross the finishing line in the first quarter. Daimler plummeted by 9.6 per cent – underperforming the German bourse by 10.3 per cent – while BMW fell by 1.7 per cent, a drop of 2.6 per cent relative to the bourse. VW was unchanged, lagging its market by 0.8 per cent.

The battle between Daimler and BMW for the luxury car market has knocked Daimler the hardest. The year began on a sombre note for the group and its share price, amid indications that 1988 profits would be lower than the previous year. Fears were underlined by statistics showing a slide in Daimler's sales – Mercedes-Benz registrations fell by 7.2 per cent in Europe in the first quarter – and were confirmed last week, when the group reported 4.5 per cent lower annual profits.



The stock has also been hit by uncertainty over its planned merger with MBB, the aerospace group, and by an unattractive earnings scenario for the next couple of years, having failed to bring new models on to the market.

Daimler's weakness proved a drag on BMW – many stock investors lump the two luxury car makers together when it comes to investment. This is in spite of expectations of a healthy boost to BMW sales this year from the group's new 5 series.

The bad news for the company is its high margins, with labour costs and steel prices expected to eat into its profitability.

Sweden's car makers were both strong performers in the first quarter, aided by signs of continued buoyancy in the truck business, although gains were attributable largely to the strength of the Swedish stock market.

Both Volvo and Saab Scania rose by 24 per cent in absolute terms in the period, but by just 6 per cent relative to their bourse. In Italy, Fiat lost 3.1 per cent (5.4 per cent relative to the Italian bourse), amid indications that increasing competition was forcing the group to discount heavily its car prices.

ASIA PACIFIC

Index-related funds push Nikkei to another high

Tokyo

HEAVY buying by indexed funds and reports of a possible easing of US interest rate policy lifted prices higher as the Nikkei average scored a second consecutive record high, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei maintained its rising momentum of the last few days, finishing 65.90 higher at 33,500.63. The day's high was 33,565.07 and the low 33,425.32. Advances outnumbered declines by 561 to 358 and 160 issues were unchanged.

Turnover, however, at 1.12bn shares, was lower than the 1.33bn traded on Wednesday.

The Topix index of all listed shares firmed 10.48 to 2,471.50. But in later trading in London, the ISE/Nikkei average closed 0.57 lower at 1,948.41.

The energetic showing in Tokyo was somewhat unexpected, occurring as the market should have been slowing down for the Golden Week holidays which begin this weekend. "Normally it would be time for the market to take a rest," said Mr Mitsuru Maekawa at Jardine Fleming.

One positive factor was the likelihood that the budget will now be bulldozed through the Diet, following the resignation of Prime Minister Takeshita over the Recruit scandal.

Interest rates remained a concern, even though a moderate rise in the official discount rate is said to have been discounted already. Investors are expected to feel more comfortable after the release of Tokyo's consumer price index, due today, and key US economic figures.

Early yesterday, the market rise was spurred by individual buying of special situation stocks and wide-ranging purchases by the new index-linked funds. Early gainers later suffered a round of profit-taking. Reports, however, that the Federal Reserve might relax its interest rate policy in face of evidence of a US slowdown sparked interest in large-capital steels and shipbuildings.

Among them, Sumitomo Metal, top on the most active list with 53.4m shares traded, gained Y19 to Y908. It was reported that the company's profits from new businesses had gone up 40 per cent in the past fiscal year. Sumitomo is also thought to be a laggard among steels. Kawasaki Steel, second most actively traded with 40m shares, rose Y45 to Y1,020. Nippon Steel also increased Y23 to Y940 in heavy trading.

Dainippon Ink, third in volume with 25.3m shares, lost Y1 to Y963. It was earlier bought as a low-priced issue but later declined on profit-taking.

Among situation stocks, Kirin Brewery advanced Y120 to Y2,080. A leading newspaper reported that the company had started a programme for commercial production of beer using a bio-reactor. It also plans to build a factory that will reduce the brewing process to less than one-twentieth of the time it now takes.

Yamashita-Shinnihon Steamship and Japan Line, two shipping companies that will merge in June, both attracted substantial buying that lifted Yamashita's shares Y44 to Y504 and Japan Line Y29 to Y210. Investors were encouraged that the merged company aims to register a recurring profit in the first year. Recent gains by other shipping firms also helped to attract interest to the two laggard stocks.

Nippon Seiko, Japan's largest maker of bearings, rose Y60 to Y1,130 on news that it has developed a magnetically levitated actuator, which does not raise dust and is therefore suited for handling semiconductor chip wafers in a clean room.

Share prices surged in Osaka where the OSE average rose 226.84 to 32,459.26. Volume, however, dropped to 78.9m shares against 107.2m traded on Wednesday. Sumitomo Metal rose Y15 to Y900.

Roundup

DOMESTIC factors took the lead in most Asia Pacific markets, which drew little inspiration from the buoyant mood in Tokyo. Hong Kong once again kept a nervous eye on the unrest in Peking.

AUSTRALIA was firmer as general buying interest in all sectors took hold. The trend was inspired by corporate and overseas interest.

The All Ordinaries index was 7.4 higher at 1,479.9. National turnover was moderate at 85m shares worth A$184m.

Pioneer International, which has been heavily traded this week, led rises among industrial stocks, gaining 11 cents to A$2.54 on turnover of 2.2m shares. The Australian Mutual Provident Society (AMP) yesterday raised its stake in Pioneer to 13.8 per cent from 12.7 per cent.

SINGAPORE was not inspired by the rises in Tokyo and closed mixed in moderate trading after a bout of afternoon profit-taking whittled away at early gains. The Straits Times industrial index rose 2.86 to 1,253.17, after a gain of 5.31 at noon.

Turnover rose to 93.4m shares from 89.9m shares on Wednesday.

Interest focused on the property sector and Malaysian lower-priced stocks. Malayan United Industries, up 4 cents at S$2.40, headed the active list with 6.5m shares changing hands.

HONG KONG dropped sharply on fears of increasing instability in China after the large student demonstrations in Peking. The Hang Seng index fell 41.41 to 3,077.26 after a small late recovery in turnover worth HK$911.14m.

Hutchison topped the active list with a fall of 10 cents to HK$11.10.

TAIWAN staged a recovery after Wednesday's rout caused by the proposed Securities and Exchange Commission investigation into non-payment transactions, better known as wash sales.

The key market weighted index, which plunged 175.23 points on Wednesday, regained 88.34 to close at 8,015.5. Trading volume continued to shrink: turnover totalled 739m shares worth T$71.3bn compared with 797m shares the previous day.

SEOUL rose modestly in thin trade. The composite index rose 4.49 to 939.21 in volume of 11m shares.

EUROPE

Individual issues star in pre-holiday trading

THE APPROACH of next week's holidays in Europe left bourses little changed again, although corporate news and results helped individual shares, *writes Our Markets Staff.*

FRANKFURT ended little changed, underpinned by strong demand for engineering stocks, with buying inspired by the sector's good order figures, earnings upgradings and its recent underperformance on the bourse.

Thyssen rose DM6.20 to DM236.30 on the day's second highest volume and Mannesmann added DM3 to DM235 while Hoesch climbed DM5.30 to DM245. The market heard during the session that West German engineering orders rose by an annual rate of 15 per cent in real terms last month, and analysts raised their earnings estimates for Thyssen for this year. Late buying from the US on Wednesday was followed by further demand yesterday and a shortage of stock benefited the share prices, said one dealer.

Confirmation that Chancellor Kohl was scrapping the controversial withholding tax from July 1 aided sentiment but had largely been discounted by the market. The DAX index eased 3.47 to 1,369.57 while the midday FAZ index was 0.77 lower at 576.5. Volumes reached DM3.65bn.

Metallgesellschaft, going ex-dividend next week, was sought for the pay-out, rising DM14 to DM434 with a large buy order reported. Siemens revealed improved half year profits and eased 10 pfg to DM533.

PARIS picked up in terms of share prices but trading remained lacklustre with investors loath to take large positions before the holidays next week.

The CAC 40 index closed at the day's high, up 6.70 at 1,673.87, while the OMF 50 index added 1.13 to 476.64. The opening CAC General index fell 6.8 to 457.8.

The market's positive tone was helped by the fact that the Bank of France did not raise interest rates at the treasury bill tender yesterday morning, said one analyst. The next testing point is today's domestic trade deficit figure, which will be negatively affected by the recent strength of the oil price.

BP France was busy, rising FFr8.10 to FFr105.10 while Thomson-CSF proved resistant to the negative news that Canada would not be proceeding with its nuclear submarines programme. The stock rose FFr3.50 to FFr226, with one analyst commenting that it was near the bottom of its trading range and thus had traditional support.

ZURICH took heart from this week's good corporate news as the market moved generally higher. The Crédit Suisse index added 3.8 to 574.7.

It was Sandoz's turn to announce strong financial results, following Nestlé and Ciba-Geigy earlier this week. Sandoz said first-quarter turnover increased by 33 per cent to SFr3.3bn, and that the group would adopt a holding company structure.

Sandoz bearers rose SFr300 to SFr11,100, leading a firmer chemicals sector which is benefiting from the stronger dollar.

AMSTERDAM moved briskly ahead, defying market expectations of profit-taking. The CBS tendency index rose 1.4 to 183.8 – its high for the day – in volume worth Fl 668m.

A series of developments at home and abroad added sparkle. The strength of Wall Street and London, along with a feeling that the upward pressure on interest rates may be abating for the time being, built on the confidence which underpinned the market following good figures from Akzo and ICI in the UK.

Chemicals group Akzo was especially buoyant following a 17 per cent gain in first-quarter earnings, above analysts' expectations. Akzo rose Fl 4.30 to Fl 157.30.

MILAN finished lower as renewed political tension in the governing coalition in Rome over a disagreement on health charges brought an air of nervousness. The Comit index fell 3.79 to 611.53 in fairly light trade.

Banco di Roma fell L80 to L9,400 after a compromise was found to end the company's board room power struggle to find a second managing director – both candidates were chosen, giving the company three managing directors.

MADRID edged higher, shaking off early nervousness triggered by a ½ point increase in the rate on one-year treasury bonds. The general index rose 0.30 to 296.30.

Construction issues were firmer after recent profit-taking, while banks were mixed. Electrical utility Endesa, strong in recent sessions on US interest, fell 2.6 points to 246.1 of par on profit-taking.

One analyst said the market was "encouragingly steady," considering many investors had expected only a ¼ point increase in interest rates.

STOCKHOLM regained early losses caused by the Central Bank's decision to raise the discount rate to 9.5 per cent, and closed slightly higher.

SKF free B shares rose SKr15 to SKr520 on its 132 per cent higher first-quarter profits.

Atlas Copco and Volvo went ex-dividend. Atlas Copco climbed SKr2 to SKr240 following better-than-expected first-quarter results, while Volvo free B fell SKr11 to SKr466.

OSLO fell on profit-taking, with the all-share index off 9.85 at 475.24 in busy trading worth NKr689m. Norsk Hydro, reporting record first-quarter profits, lost NKr3 to NKr177.

BRUSSELS closed mainly mixed in thin trading with most dealers following last week's pattern and staying on the sidelines.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 26 1989						TUESDAY APRIL 25 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	132.47	+0.0	116.32	110.93	−0.1	5.02	132.48	115.47	111.06	157.12	128.28	119.05
Austria (19)	122.24	−0.2	107.33	119.21	+0.4	2.16	122.51	106.78	118.73	124.16	92.84	91.36
Belgium (63)	133.75	−1.2	117.44	130.12	−0.5	4.18	135.32	117.95	130.82	137.10	128.52	125.12
Canada (127)	135.16	−0.3	118.67	116.46	−0.2	3.35	135.50	118.10	116.66	137.27	124.67	124.07
Denmark (33)	177.05	−0.7	155.46	175.96	+0.0	1.69	178.35	155.45	175.99	180.38	165.35	119.71
Finland (26)	153.20	−0.4	134.51	134.65	+0.2	1.55	153.81	134.06	134.35	159.16	125.81	127.32
France (130)	119.15	−1.7	104.62	118.83	−1.0	3.03	121.25	105.68	120.01	122.79	112.57	89.69
West Germany (100)	86.73	−0.3	76.15	84.70	+0.4	2.30	86.99	75.82	84.35	90.40	81.77	76.64
Hong Kong (49)	131.29	+0.0	115.28	131.11	+0.0	4.04	131.29	114.43	131.14	133.77	111.80	102.50
Ireland (17)	148.44	+0.2	130.34	147.09	+0.7	3.42	148.17	129.15	146.05	151.36	125.00	121.61
Italy (99)	82.11	−1.6	72.10	84.44	−0.9	2.49	83.41	72.70	85.17	66.68	78.16	75.82
Japan (455)	187.97	−0.2	165.04	157.07	+0.5	0.48	188.27	164.09	156.31	200.11	180.30	172.85
Malaysia (36)	178.06	+0.6	156.35	184.23	+0.6	2.60	176.55	154.23	183.05	178.18	143.35	129.79
Mexico (13)	179.39	+0.1	157.51	474.64	+0.1	1.06	179.20	156.19	474.34	179.39	153.32	131.49
Netherland (42)	120.53	−0.8	105.83	116.57	−0.1	4.42	121.45	105.86	116.63	122.22	110.63	110.06
New Zealand (24)	70.00	+0.1	61.46	60.41	−0.2	6.52	69.90	60.92	60.52	76.02	66.84	77.08
Norway (26)	192.56	−1.9	169.08	177.99	−1.3	1.50	196.30	171.10	180.38	198.39	139.92	130.29
Singapore (26)	152.65	+0.8	134.04	136.69	+0.9	2.01	151.48	132.03	135.71	155.98	124.57	110.01
South Africa (60)	142.51	−0.9	125.13	123.20	−0.3	3.96	143.83	125.40	128.63	144.86	115.35	125.19
Spain (42)	153.34	−0.8	134.64	135.33	−0.3	3.59	154.63	134.77	135.65	158.17	143.14	151.29
Sweden (35)	159.49	+0.8	140.04	150.63	+1.4	2.26	158.26	137.84	148.59	162.00	138.45	123.28
Switzerland (57)	75.61	+0.6	66.39	77.71	+0.2	2.36	76.07	66.31	77.56	79.76	74.05	80.39
United Kingdom (316)	146.68	+0.3	128.79	128.79	+1.0	4.40	146.31	127.53	127.53	153.33	134.53	140.51
USA (560)	124.91	+0.1	109.67	124.91	−0.1	3.55	124.80	108.77	124.80	125.84	112.13	107.31
Europe (1009)	119.86	−0.4	105.34	111.76	+0.3	3.58	120.33	104.88	111.40	121.70	114.02	109.68
Nordic (125)	155.08	−0.2	136.17	152.19	+0.5	1.58	155.32	135.38	151.46	156.81	137.95	114.01
Pacific Basin (679)	183.33	−0.1	160.98	153.65	+0.5	0.70	183.60	160.03	153.15	194.72	176.57	167.85
Euro - Pacific (1688)	157.97	−0.2	138.70	137.03	+0.4	1.59	158.32	137.99	136.48	164.22	152.83	144.65
North America (687)	125.42	+0.1	110.13	124.39	−0.1	3.54	125.34	109.25	124.31	126.37	112.79	108.21
Europe Ex. UK (693)	103.12	−0.9	90.54	101.24	−0.2	2.91	104.07	90.70	101.45	105.29	98.84	90.55
Pacific Ex. Japan (224)	127.82	+0.1	112.23	113.44	+0.0	4.47	127.71	111.32	113.43	137.65	123.48	108.91
World Ex. US (1888)	157.03	−0.2	137.89	136.41	+0.4	1.56	157.39	137.18	135.87	162.77	152.04	143.75
World Ex. UK (2132)	144.27	−0.2	126.67	132.65	+0.2	2.04	144.51	125.96	132.55	148.04	138.06	128.64
World Ex. So. Af. (2388)	144.48	−0.1	126.86	132.49	+0.3	2.24	144.66	126.09	132.09	146.65	138.82	129.70
World Ex. Japan (1993)	123.68	−0.1	108.59	119.79	−0.2	3.59	123.81	107.91	119.60	124.63	114.51	108.97
The World Index (2448)	144.47	−0.1	126.85	132.46	+0.3	2.25	144.66	126.08	132.06	146.51	138.83	129.68

Constituent change: April 27: Deletion: Hambros Inv. Trust (UK).
Latest prices were unavailable for this edition.